SINIC

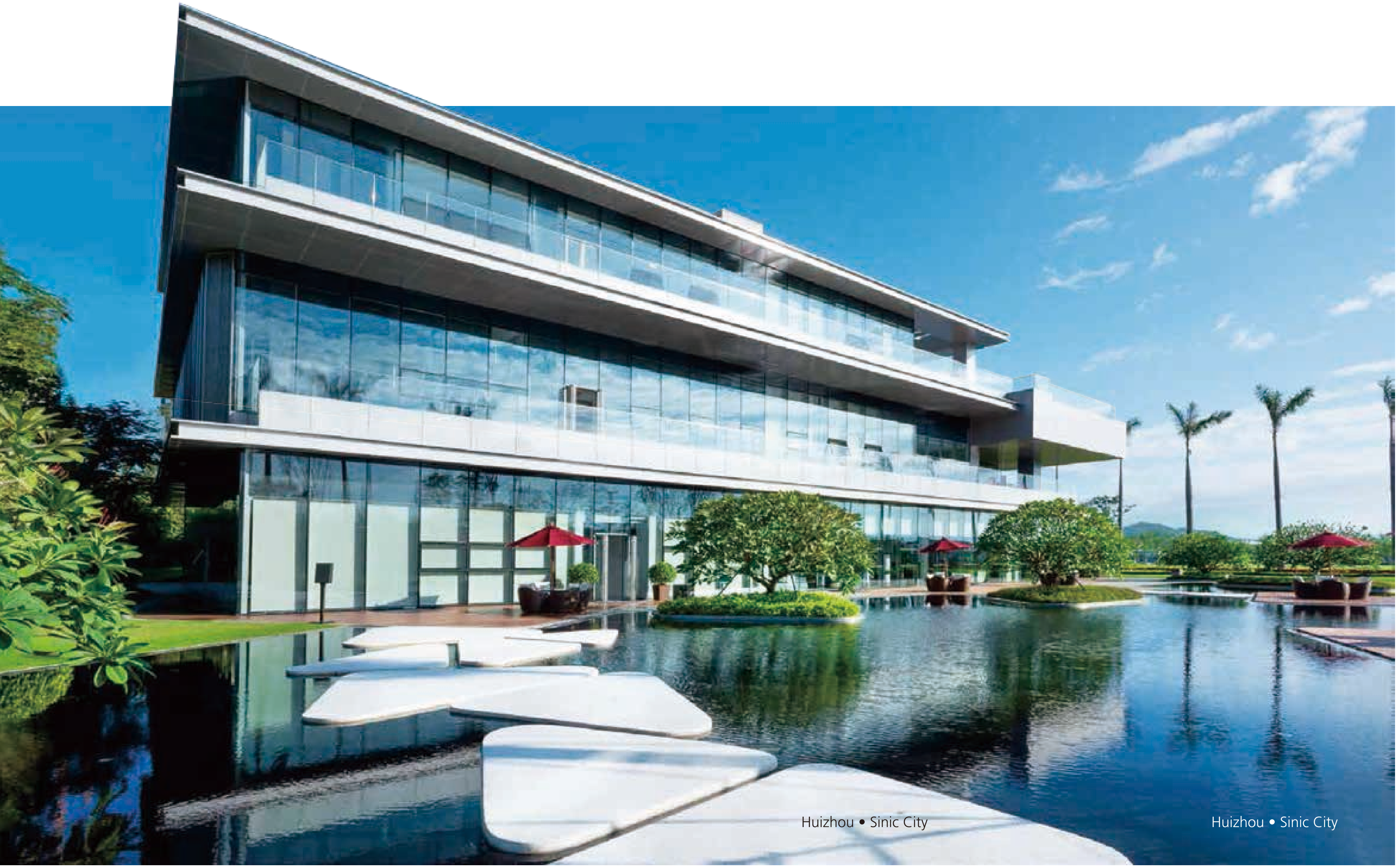
新力控股(集團)有限公司
SINIC HOLDINGS (GROUP) COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: **2103**

Sinic Power

2019 ANNUAL REPORT



Huizhou • Sinic City

Huizhou • Sinic City

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CORPORATE PROFILE

ABOUT SINIC HOLDINGS

Sinic Holdings was listed on the Stock Exchange (Stock Code: 2103) on 15 November 2019, which marked an important milestone in the development of the Company. Sinic Holdings is a large-scale and comprehensive property developer in the PRC, focusing on the development of residential and commercial properties. Headquartered in Shanghai, Sinic Holdings has established a leading position among residential property developers in Jiangxi Province, and expanded into the Yangtze River Delta Region, the Greater Bay Region and the Central and Western China Core Cities and Other Regions with High-Growth Potential through ten years operations.

Sinic Holdings focuses on developing quality properties through comprehensive standardized operating procedures. The Group implemented a series of standardized operating manuals which set forth detailed procedures and requirements for the various stages of the property development process, which have enabled the Group to achieve operating efficiency while maintain its quality standards for properties. Sinic Holdings' residential properties can be categorized into three major series, namely, the"Wan" Series (灣系), the "Yuan" Series (園系) and the "Yue" Series (悦系), which target first-time home purchasers, home upgraders and extended families or high-income households, respectively.

Leveraging on its strong brand name, Sinic Holdings will continue its expansion strategies nationwide and strives to become a leading comprehensive real estate developer in China.

SINIC Holdings (Group) Company Limited
新力控股集團有限公司

ORIGINATE

With unique vision in strategic planning, Sinic adheres to its nationwide development of Sinic in China by taking root in cities covering the four major regions.

HAPPINESS

Happiness is a commitment Sinic makes to all lives and the land. Nature tells us the essence of life and drives us to become an outstanding enterprise striving for high living standard. Happiness originates in the pursuit of perfection beyond expectations.

INFINITE

"Infinite happiness" is a concept regarding life Sinic always advocates. Happiness to Sinic is real, predictable and eternal. We live in a field of infinite possibilities.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Zhang Yuanlin *(Co-Chairman)*
Mr. Chen Kai *(Co-Chairman and CEO)*
(appointed on 2 March 2020)
Mr. She Runting
Ms. Tu Jing

Independent non-executive Directors

Mr. Tam Chi Choi
Mr. Au Yeung Po Fung
Mr. Liu Xin

AUDIT COMMITTEE

Mr. Tam Chi Choi *(Chairman)*
Mr. Au Yeung Po Fung
Mr. Liu Xin

REMUNERATION COMMITTEE

Mr. Au Yeung Po Fung *(Chairman)*
Mr. Zhang Yuanlin
Mr. Tam Chi Choi
Mr. Liu Xin

NOMINATION COMMITTEE

Mr. Zhang Yuanlin *(Chairman)*
Mr. Tam Chi Choi
Mr. Au Yeung Po Fung
Mr. Liu Xin

COMPANY SECRETARY

Mr. Yim Lok Kwan *(ACIS, ACS)*

AUTHORIZED REPRESENTATIVES

Mr. Zhang Yuanlin
Mr. Yim Lok Kwan *(ACIS, ACS)*

AUDITOR

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

COMPLIANCE ADVISOR

Zhongtai International Capital Limited

CORPORATE INFORMATION

LEGAL ADVISER

Sidley Austin LLP

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEAD OFFICE IN THE PRC

7th Floor, HongQiao Vanke Center T6
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Shanghai, China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 1016-1019, 10/F
Two Pacific Place, 88 Queensway
Admiralty, Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKS

China Minsheng Bank
China CITIC Bank
Ping An Bank
CMB Wing Lung Bank
Bank of China (Hong Kong)

WEBSITE

www.sinicdc.com

STOCK CODE

2103

MILESTONES

2010

- Jiangxi Sinic Properties was established and acquired its first land parcel in Nanchang, Jiangxi Province

2011

- Won the auction of a parcel of land located at the core of Nanchang City

2012

- Developed the first residential property project, Nanchang Dibo Wan, in Nanchang

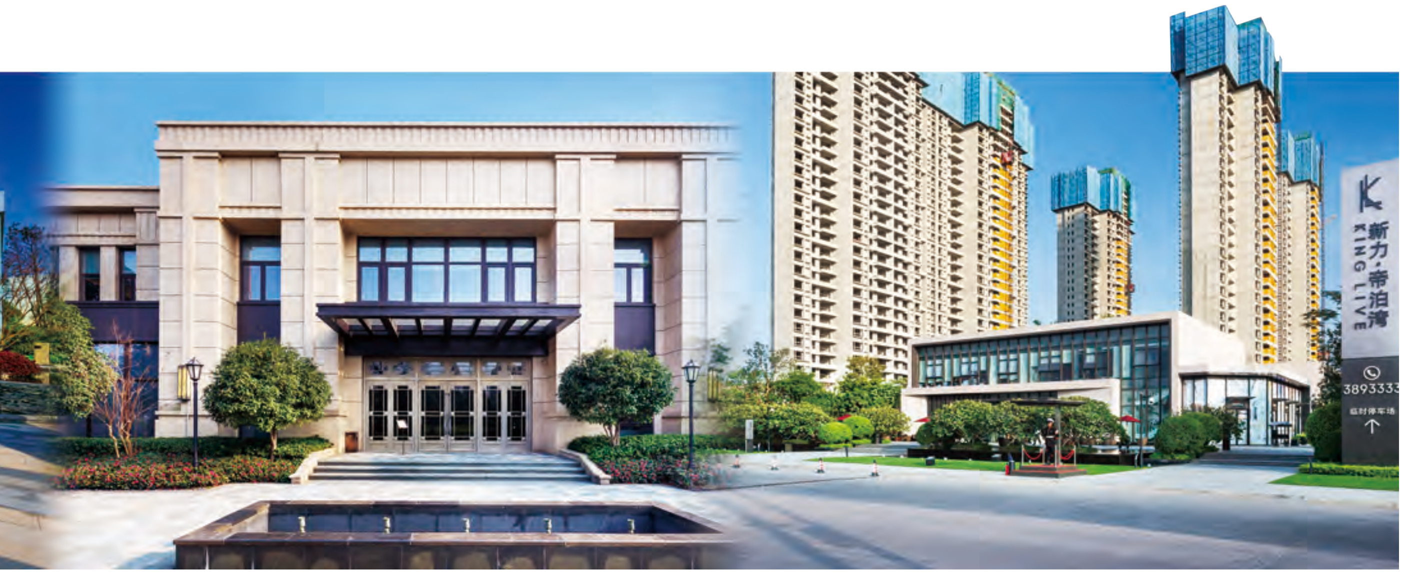
2013

- Launched three residential property series, namely the "Yue", "Yuan" and "Wan" series
- Developed the first commercial property project, Nanchang Sinic Center

2014

- Built competitive strengths in three key business segments, namely residential properties, commercial properties and services

Source: Prospectus



2015

- Ranked top three among the property developers in Jiangxi in terms of sales GFA by integrating 15 property projects

2016

- Expanded into Suzhou and Huizhou to consolidate the Company's presence across the Yangtze River Delta Region, the Greater Bay Region and the Central and Western China Core Cities and Other Regions with High-Growth Potential
- Nanchang Sinic Center received the 2015 Best Office Building Award granted by the National Real Estate Commercial Association and Jiangxi Real Estate Association

2017

- Relocated corporate headquarters to Shanghai
- Recognized as one of the "2017 China's Top 100 Real Estate Developers" by China Real Estate Industry Association, Shanghai Yiju Real Estate Research Institution and China Real Estate Appraisal
- Ranked top 50 among the property developers in the PRC

2018

- Recognized as one of the "2018 China's Top 50 Real Estate Developers" by China Real Estate Industry Association, Shanghai Yiju Real Estate Research Institution and China Real Estate Appraisal
- "2018 China's Top 100 Real Estate Developers – Growth Top 10"
- China Characteristic Properties Outstanding Operation Enterprises – Ecological Properties"

2019

- Listed on HKEx on 15 November, 2019 (Stock code: 2103)
- Recognized as one of the "2019 China's Top 50 Real Estate Developers"
- Received the "2019 China's Top 100 Real Estate Developers – Growth Top 10" and "China Characteristic Properties Outstanding Operation Enterprises – Ecological Properties" awards
- Ranked 36th, 32nd and 31st respectively in 2019 among the property developers in the PRC in terms of total sales amount according to CRIC, CREIS and Yihan Think Tank respectively[1]
- Launched Sinic 4.0 products

Source: Prospectus

1 Comprehensive property development ability is evaluated by CREIS or the Chinese Real Estate Association from a number of aspects, including but not limited to, operational scale, profitability, financial stability, financing ability, operational efficiency and social responsibility. Each of CREIS and the Chinese Real Estate Association takes these factors, or combinations thereof, into consideration in its evaluation of property developers on a case-by-case basis

Suzhou • Yunyu Bo Yuan

CHAIRMAN'S STATEMENT

On behalf of the Board of Sinic Holdings, I am pleased to present to the Shareholders the first annual results, business review and outlook of the Group for the year ended 31 December 2019.

RESULTS OF 2019

For the Year, the Group recorded revenue of RMB26,984.9 million, representing a year-on-year increase of approximately 220.7% as compared with the previous year (2018: RMB8,415.7 million). Gross profit amounted to RMB7,998.5 million, representing a year-on-year increase of approximately 154.5% as compared with the previous year (2018: RMB3,143.0 million). Profit for the year was RMB2,014.3 million, representing a year-on-year increase of RMB1,459.3 million or approximately 263.0% (2018: RMB555.0 million). Core profit attributable to the owners of the parent was RMB1,852.7 million, representing a year-on-year increase of 485.2% as compared with the previous year (2018: RMB316.6 million). The basic earnings per share of the Group was RMB0.64 per share.

BUSINESS REVIEW

Overall Property Market Development Outlook

2019 marked a milestone year of the Group. On 15 November 2019, the Group was successfully listed on the Main Board of the Stock Exchange, symbolizing a new era for the Company as one of the youngest property developers listed on the Stock Exchange. The Listing has enhanced the brand awareness of the Company and enabled the Group to continue its pursuit of opportunities in the capital market to further advance its business expansion and financial flexibility. For the Group, the key to achieving operation efficiency while maintaining high quality of service is implementing standardized operating procedures, which cover the entire cycle of the property development process from site selection, land acquisition, product planning to execution in sales and marketing. During the Year, the Group was pleased to see that its brand name and continuous efforts to develop high-standard properties has been acknowledged in the Chinese market. According to the China Real Estate Index System, we ranked 36th, 32nd, and 31st in terms of property contract sales in 2019 in the rankings of China's Real Estate Developers published by CRIC, CREIS and EH Consulting, respectively.

Jiangxi Province

The Group is deeply rooted in Jiangxi Province, economy of which has been growing at a stunning rate, and we will further strengthen our market position here. The GDP of Jiangxi Province grew by approximately 8% to RMB2.5 trillion in 2019. In addition, its residential population had been growing, and the net inflow of the population would be conducive to the development of the real estate industry. In particular, the transaction volume of commercial properties in Nanchang City in 2019 was approximately RMB90.8 billion, representing an increase of approximately 17.5% year-on-year, with an average price of RMB12,016 per sq.m., and a total GFA of 7.5 million sq.m. sold. In addition, the constantly improving transportation facilities would help Jiangxi Province boost its interaction with outside provinces significantly. The "Great Nanchang Urban Development Program" launched by the Jiangxi Provincial Government put the city center of Nanchang and Ganjiang District at its core, aiming to accelerate the pace of its urban construction.

Greater Bay Region

At the same time, we are also actively expanding our business into other regions with remarkable economic growth, especially the Greater Bay Region, where plenty of quality land resources are available. In 2019, the sales of commercial properties in the Greater Bay Region was RMB1.5 trillion, representing a year-on-year increase of approximately 13%, with a total GFA of approximately 76 million sq.m. sold, which remained the same as the previous year. The development plan of the Greater Bay Region has been incorporated into the national strategic planning, as the GDP of Guangdong Province has been increasing rapidly, with its residential population growing steadily, all of which have created valuable opportunities for the rapid development of the Group. Although the Greater Bay Region is expected to be developed into a world-class bay area under the national planning, it is noted that its per capita GDP is still significantly lower than that of the three major bay areas in the world. Given that the industrial innovation and steadily improving transportation network in the area is expected to spur coordinated development and promote the rapid growth of the economy in the Greater Bay Region, the Group sees remarkable growth potential in the region. We have also noticed the excellent geographical location and developable land resources of Huizhou City, which is the only city in the area adjacent to Shenzhen that has no restrictions on real estate purchase, hence the prices of residential properties there have been growing rapidly, for which we are actively building up our land reserves in Huizhou.


Hefei • Sinic Dong Yuan

Yangtze River Delta Region

Moreover, we are actively replenishing high-quality land resources in the Yangtze River Delta Region which also has great potential for development. The Yangtze River Delta Region is an important intersection of the "Belt and Road" and the Yangtze River Economic Belt, holding an advantageous spot which connects major sea ports, thus enjoying a major strategic position in the country's modernization and complete open-up initiative. In 2019, the Outline of the Integrated Development Plan for the Yangtze River Delta Region reconfirmed the national strategic status of the Yangtze River Delta Region. During the Year, the supply of commercial properties in the Yangtze River Delta Region amounted to 110.42 million sq.m., with 106.5 million sq.m. sold for a total sales revenue of RMB2.3 trillion, at an average price of RMB21,464 per sq.m. Specifically, the transaction volume in the first-tier cities increased by approximately 19% year-on-year, with an average price of RMB54,595 per sq.m. The GDP of the urban agglomeration of the Yangtze River Delta Region was RMB17.9 trillion in 2018, securing it the first place among all the urban agglomerations in China. It had a population of 150 million, which earned it a place among the six largest urban agglomerations in the world. The Yangtze River Delta Region is actively promoting the integration of transportation, with a number of cities having more than 200 high-speed rail lines passing by, demonstrating a strong connectivity between those cities. In addition, the "One-stop Online Services" launched and operated by the government will benefit the whole area with the one-city synergy.

CHAIRMAN'S STATEMENT

Central and Western China Core Cities and Other Regions with High-Growth Potential

We are also actively deploying resources in Central and Western China Core Cities and Other Regions with High-Growth Potential. The property assets in Western China have good investment value, as well as sufficient supply and strong policy support. In Central China, according to the National Development and Reform Commission's "Thirteenth Five-Year Plan" for the development of Central China, Wuhan and Zhengzhou are identified as national central cities, and the status of provincial capitals such as Changsha are strengthened. In terms of population introduction, cities such as Zhengzhou and Wuhan have lowered their entry thresholds, and both the resident population and the registered population have increased.

Business Development of the Group

As of 31 December 2019, the Group had 117 property projects at different development stages, including 80 projects developed by its subsidiaries, 37 projects developed by its joint ventures and associates; and the total land bank attributable to the Group reached approximately 15.09 million sq.m., with both development scale and land bank displaying a rapid growth. From the perspective of the land bank locations, the attributable GFA to the Group in Jiangxi Province, the Yangtze River Delta Region, the Greater Bay Region and other core cities in Central and Western China accounted for approximately 33.1%, 17.3%, 32.5%, and 17.1%, respectively. In terms of saleable value, approximately 85% of the land bank was located in the first- and second-tier cities.

With respect to land acquisitions, the Group has a clear strategic investment policy and has formulated standardized procedures. We set detailed timetables, goals, and requirements for different land acquisition methods in order to evaluate land acquisition opportunities and complete such acquisition in an efficient manner. We follow the following strict guidelines for land acquisition: firstly, we take root in the four major regions mentioned above, while establishing an investment system covering regions, cities and sectors to ensure well-targeted expansion; secondly, we have balanced land acquisition methods, focusing on public tender, auction and listing-for-sale process as well as pre-application for land resources, for the purpose of enhancing land quality and project profitability; thirdly, we insist on cooperation while emphasizing on maintaining control of the projects thereby alleviating competition, complementing our strengths, sharing risks with our partners, which ultimately adds to our service quality and competitive advantages.

Nanchang • Jiang Yue

Business Strategies of the Group

In 2019, we obtained 36 projects through public tender, auction and listing-for-sale process, as well as mergers and acquisitions, with an attributable land premium of RMB19.45 billion and a attributable GFA of 2.8 million sq.m. Our projects locate in various regions, of which 43.6% in the Yangtze River Delta Region, 24.4% were in the Central and Western China and other regions, 19.4% in Jiangxi Province, and 12.6% in the Greater Bay Region, across 21 cities. The percentage of newly added land bank in the first- and second-tier cities reached 92% during the Year. Our business development strategy contains four major aspects.

Firstly, planting our root in the cities and regions with the aim of building up our competitive advantages. We would further consolidate our existing market position in Jiangxi Province, continue our strategic expansion into the Yangtze River Delta Region, the Greater Bay Region as well as the core cities in Central and Western China with high-growth potential and strive to grab a bigger share in the national market through expansion. In the future, we will keep planting our root in the cities, respecting the values of each city and land, consistently exploring and creating residential products with consideration to the local conditions, and building a convenient transportation network and sufficient community recreation facilities surrounding the residences. Apart from building on our product portfolio, we will keep abreast of the latest industrial trend, capture opportunities for urban development, actively participate in the city upgrade campaign, implement a comprehensive strategy of project-city integration for further integrated development of the Group and the city, and enhance our strengths while planting our root in the cities.

Secondly, consistently pursuing quality. Culminating ten years' of experience, we categorized our three quality residential properties into three major series, namely the "Wan" Series (灣系), the "Yuan" Series (園系) and the "Yue" Series (悦系), targeting first-time buyers, second-time buyers aiming at upgrading living conditions and extended families or high-income households, respectively. At the same time, we are actively participating in three types of integrated urban complexes, namely, "community commercial complexes" (社區型商業體), "district commercial complexes" (區域級商業綜合體) and "urban commercial complexes" (城市級商業綜合體), as well two types of commercial innovation projects, namely, "multi-use apartments" (多功能精品公寓) and "Grade A office buildings" (超甲級寫字樓), which altogether constitute the three major property series and eight main product lines of the Group. We place significant emphasis on quality throughout the development cycle. We have formulated and implemented quality control standards and procedures for every property project and hire third-party inspectors to conduct regular examinations to ensure quality. Furthermore, we adhere to four "zero tolerance" principles with respect to quality issues: zero tolerance for defects in raw material, zero tolerance for fraud in process, zero tolerance for fraud in our brands and zero tolerance for management malpractice; as well as four standards with respect to product construction: using materials of trustable brands, applying fine process, involving everyone in quality management and delivering high quality products at all costs.

Suzhou • Community Commercial Center

Huizhou • Sinic City Children's Playground

We are committed to and have received wide-spread recognitions for our quality management efforts. In 2019, we won a number of awards, including six awards at the 14th Kinpan Awards Ceremony. Our newly launched Sinic 4.0 products pays special attention to the details and quality, with three major value assertions: for security, we were committed to creating a comprehensive smart living experience for our customers, and have rolled out comprehensive upgrades indoors and outdoors with smart security devices; with respect to the care for our customers, we cared about the growth of our children, the life and health of our customers of all ages and facilitate social life in the community, we have even created the first children-friendly communities in China; as for our new assertion on fineness and delicacy, we embedded our feeling of fineness and delicacy in our products throughout their life cycle, and endeavored to create products that would give our customers a feeling of taking a vacation around the city when returning home.

Thirdly, embedding our services into our products. Sinic Holdings is committed to offer a well-rounded and customer-oriented experience throughout the process from pre-purchase to after-sales services. Our "360 Happiness" customer services are designed to provide our customers with a full range of solutions for their concerns and needs in the entire process of "purchase, delivery and living". Sinic Holdings is committed to creating an innovative industry-leading customer service system that will provide our customers with more comprehensive, convenient and professional "Happy" services, and take care of their families with a persistent attitude and caring heart.

Our "360 Happiness" customer services include "Happy Purchase" (悦買房), "Happy Delivery" (悦交房) and "Happy Living" (悦居家) services: the "Happy Purchase" service provides professional consultation services to potential customers; the "Happy Delivery" service is a one-to-one service provided to customers at the time of product delivery, which includes a walk-through with our delivery manager, who helps to record and follows up issues that may be identified by our customers; and the "Happy Living" service is provided to the residents of our properties which, among others, include various community services, maintenance work, other value-added services and a 24-hour service hotline to monitor such services and solve relevant issues. We reply on our customers value center and relevant property management companies to provide after-sales services which are evaluated by third-party surveyors.

Wuxi • Fecui Wan • Slow Life Museum

According to the survey of FG China, the overall customer satisfaction of the Group in 2019 was 89.9%, ranking 6th among 93 enterprises in FG China's database, among which, the satisfaction rate of property service was 92.7%, ranking 4th among 96 real estate enterprises and the satisfaction rate of maintenance service was 84.4%, ranking 8th among 90 real estate enterprises.

Last but not least, we will continue to adopt a prudent financial policy. Our goal is constantly optimizing our capital structure, effectively controlling costs through close monitoring and control of cashflow, using our working capital more effectively, and maintaining a stable profit margin, so as to achieve a continuous and effective use of our funds and a long-term growth of the Group.

PROSPECT AND OUTLOOK FOR 2020

2020 marks the tenth anniversary of the establishment of Sinic. Looking forward into 2020, the sudden outbreak of the epidemic early this year has had a short-term impact on the economy of the PRC. The PRC government has demonstrated its efficient capability in prevention, control and overall social mobilization. The general public has also shown a collective effort for mitigating the risk and impact of the epidemic. Therefore, we are of the view that the society and the economy will soon recover. We are confident of the epidemic prevention and control capability as well as relevant measures of the PRC government, and are positive on the future economic prospect. In addition, we consider the possibilities of relevant economic stimulus policies introduced by the government after the epidemic. In this regard, we will still implement existing investment development strategy and specific plan, while proactively responding to relevant epidemic prevention measures imposed by the government, and will also pay close attention to any changes concerning the epidemic. Moreover, there will be a substantial increase in the demand for residential properties featuring health and environmental protection in the future, which may create new investment opportunities arising from products improvement, upgrades and changes.

The outbreak of the epidemic may have an impact on the Group to a certain extent, depending on the duration of the epidemic and its development trend. The Group has always adopted a stable financial policy and prudent cash flow management, and our cash flow remains healthy under the circumstances. In terms of sales, we will adopt a more active and agile product sales and pricing strategy in response to the market change, for example, a care-free house purchasing plan. In terms of operations, we will adjust the delivery cycle in a timely manner according to market demand. In addition, all construction sites have been resumed excepted Wuhan, the resumption rate is over 95% which is further increasing. In terms of finance, we will carry out a more prudent financial policy and strengthen cashflow management with an aim of securing steady development with a healthy financial condition. At the same time, we have seen that provinces and cities have successively released red-headed documents on support policies for real estate enterprises after the epidemic.

The Group will cooperate with national policies to ensure the long-term healthy and stable operation of the real estate market.

Looking ahead, the Group are confident that we will benefit from the growth in the demands for residential and commercial properties in Jiangxi Province, the Yangtze River Delta Region, the Greater Bay Region, the core cities in the Central and Western China and other regions with high-growth potential. In 2020, the saleable property value of the Group is abundant and mainly in four regions. The Group plans to expand its businesses into the national markets while consolidating its market position in Jiangxi, so as to increase its industry influence and enhance its brand awareness. As the real estate market has entered into a new normal, the Group will closely monitor market changes, adjust its short-term operating strategies in due time, and strive to make great strides towards its development goal of "keeping up as a national comprehensive property developer offering quality products and services in China."

Wuxi • Feicui Wan

With respect to the capital market, the Company has been selected by Hang Seng Index Company Limited as a constituent of the Hang Seng Composite Index, which took effect from 9 March 2020. At the same time, the Company has been selected as one of the eligible stocks included in Southbound Trading under Shenzhen Connect on 9 March 2020.

The inclusion of the Company in the Hang Seng Composite Index shortly after its Listing, and admission to the Southbound Trading under Shenzhen Connect, is indicative of the investment value of Sinic Holdings and the high recognition by the capital market to the growth, financial condition and future development of the Group. Looking forward, Sinic Holdings will consolidate its current market position and further accelerate nationwide development of its business, striving to achieve the strategic development of "laying a solid foothold in Jiangxi for nationwide development". With the recovery of the real estate industry and the flow of southbound funds, Sinic Holdings will attract the attention of more investors in the long run.

In the upcoming year, the Group will endeavor to realize sustainable profitability growth and strive for a balanced development between scale and efficiency by adopting prudent financial policies and actively lower the leverage through multiple financing channels. As at 31 December 2019, the Group maintained sufficient bank facilities, established headquarters-to-headquarters strategic cooperation with several banks, further optimized the terms of debts, and therefore provided strong support to the Company's development with ample cash flows, and eventually repaid Shareholders with greater value.

Finally, I would like to take this opportunity to express my gratitude to shareholders, partners, customers and 3,650 employees of the Group for their joint efforts to enable the business grow continuously and steadily. They are crucial to the Group's success.

Sinic Holdings (Group) Company Limited
Zhang Yuanlin
Co-Chairman and Executive Director
Hong Kong, 30 March 2020

FINANCIAL HIGHLIGHTS

	For the year ended 31 December 2019	For the year ended 31 December 2018	Change in percentage
Contracted sales			
Total contracted sales (RMB'000)	**91,422,720**	71,080,867	+28.6%
Attributable contracted sales (RMB'000)	**45,109,064**	34,681,120	+30.1%
Attributable contracted GFA sold (sq.m.)	**3,448,001**	2,741,415	+25.8%
Attributable contracted ASP (RMB/sq.m)	**13,083**	12,651	+3.4%
Selected financial information			
Revenue (RMB'000)	**26,984,943**	8,415,653	+220.7%
Gross profit (RMB'000)	**7,998,537**	3,142,996	+154.5%
Profit for the year (RMB'000)	**2,014,274**	554,953	+263.0%
Profit attributable to the owners of the parent (RMB'000)	**1,957,763**	413,538	+373.4%
Core profit attributable to the owners of the parent (RMB'000)	**1,852,695**	316,592	+485.2%
Gross profit margin (%)	**29.6**	37.3	
Net profit margin (%)	**7.5**	6.6	
Earnings per Share (basic and diluted) (RMB cents)	**64**	14	

	As at 31 December 2019	As at 31 December 2018	Change in percentage
Total assets (RMB'000)	**96,223,550**	77,607,708	+24.0%
Cash and bank balances (RMB'000)	**16,598,569**	10,065,566	+64.9%
Total indebtedness (RMB'000)	**26,572,967**	22,102,774	+20.2%
Total equity (RMB'000)	**14,895,734**	5,060,268	+194.4%
Equity attributable to the owners of the parent (RMB'000)	**8,167,008**	4,243,624	+92.5%
Current ratio (times)	**1.2**	1.1	
Net gearing ratio (%)	**67.0**	237.9	
Weighted average cost of indebtedness (%)	**9.2**	9.3	
Return on average equity (%)	**20.2**	11.5	

Non-GAAP Financial Measure

To supplement the consolidated financial statements which are presented in accordance with IFRS, the Company also presented the core profit as non-GAAP measures used by the management of the Group to provide additional information on the its operating performance. Core profit eliminates the impact of fair value of investment properties and financial assets/liabilities net of deferred tax, which are not indicative for evaluating the actual performance of the Group's business. Core profit is not a standard measure under IFRS. We believe that such non-GAAP measure provides additional information to investors and others in understanding and evaluating the consolidated results of operations in the same manner as the management of the Group.

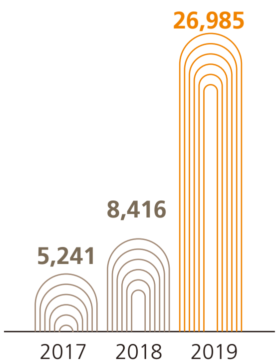
The following table sets forth a reconciliation between the profit attributable to the owners of the parent and core profit attributable to the owners of the parent for the year:

	For the year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Profit attributable to the owners of the parent	**1,957,763**	413,538
Adjustment for:		
Fair value gains on investment properties (net of tax)	**(123,589)**	(82,618)
Fair value losses/(gains) on financial assets (net of tax)	**18,612**	(14,146)
Fair value gains on financial liabilities (net of tax)	**(91)**	(182)
Core profit attributable to the owners of the parent	**1,852,695**	316,592

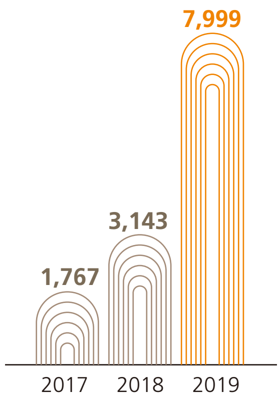
The definitions of core profit attributable to the owners of the parent should not be considered in isolation or be construed as an alternative to profit attributable to the owners of the parent or any other standard measure under IFRS or as an indicator of operating performance. Core profit of the Group may not be comparable to similarly titled measures used by other companies.

FINANCIAL HIGHLIGHTS

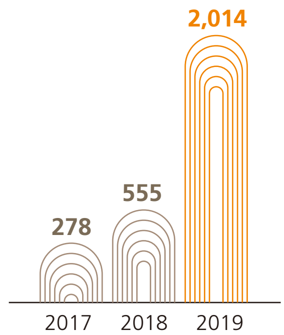
Revenue
(RMB'million)



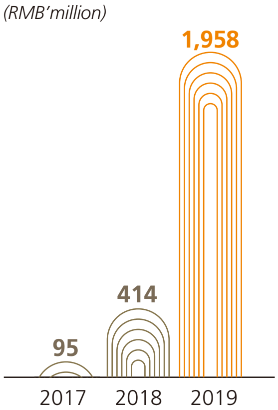
Gross profit
(RMB'million)



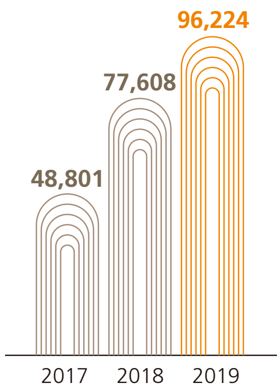
Net profit
(RMB'million)



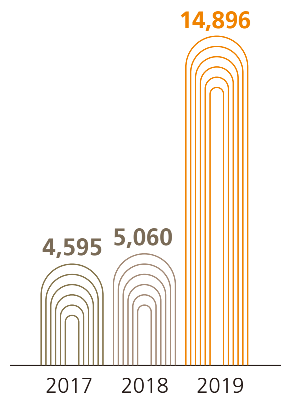
Profit attributable to Shareholders
(RMB'million)



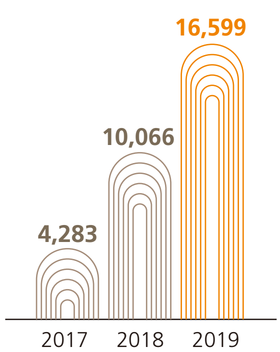
Total assets
(RMB'million)



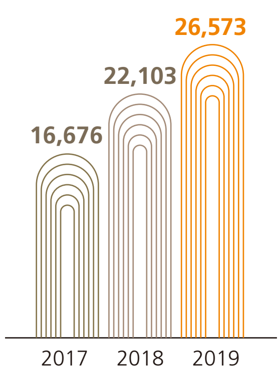
Total equity
(RMB'million)



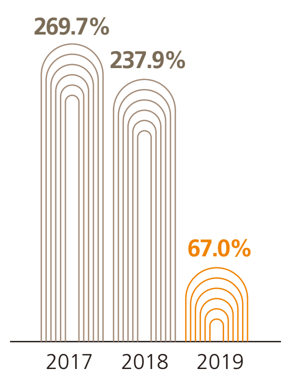
Cash and bank balances
(RMB'million)



Total indebtedness
(RMB'million)



Net gearing ratio
(%)



Suzhou • Yunyu Bo Yuan

QUALITY

MANAGEMENT DISCUSSION AND ANALYSIS

Market and Business Review

In 2019, the direction of policy regulation on the real estate market remained unchanged. The central government has reiterated the keynotes of "houses are for inhabitation, not for speculation" and "stabilizing land and housing prices while managing market expectations" to curb unreasonable demands such as speculative investment, and to prevent the rapid rises in land and housing prices in a short term and the shrinking rise in the price of newly-built houses. On the other hand, local governments have successively promoted the implementation of "specific policy for individual city", and implemented detailed policies based on the characteristics of urban and real estate markets to promote the steady and healthy development of real estate market. Some local governments have adjusted their provident fund policies to support the demand for the first-time home purchaser and to support the rebound in demand for home ownership. Renowned property enterprises seized the opportunities and strengthened payment collection by adopting flexible product launching arrangements and pricing strategies, and the overall sales performance maintained the growth momentum. Despite the slowdown in China's economic growth in 2019, sales of residential properties were still at record high.

Information published by National Bureau of Statistics showed that sales area of residential properties was 1.72 billion sq.m. in 2019, representing an increase of 1.3% from the previous year; the residential property sales amount reached RMB16.0 trillion, representing an increase of 6.5% from the previous year.

Contracted Sales

Setting the foothold in Jiangxi Province, the Group gradually expanded to the Greater Bay Region, the Yangtze River Delta Region, the Central and Western China Core Cities and Other Regions with High-Growth Potential. The Group recorded year-on-year sales growth, deeply cultivated the four major regions and further diversified the sources of revenue from sale of properties. The sale of properties of the Group was mainly driven by the high turnover of residential property development, and revenue from residential properties accounted for 93.0%.

For the year ended 31 December 2019, the Group's total contracted sales and attributable contracted sales reached a record high of RMB91,422.7 million and RMB45,109.1 million respectively, representing a year-on-year increase of approximately 28.6% and 30.1%, as compared with RMB71,080.9 million and RMB34,681.1 million last year, which was mainly attributable to the increase of the Group's saleable GFA. The attributable contracted sales arose from four major regions across China, with approximately 54.3% in Jiangxi Province, approximately 23.9% in the Greater Bay Region, approximately 11.1% in the Central and Western China Core Cities and Other Regions with High-Growth Potential and approximately 10.7% in the Yangtze River Delta Region, covering 29 cities.

Jiangxi Province is where the Company originated, and the residential property businesses of Nanchang-based property enterprises are absolutely dominant in the Group. The Group will allocate its existing strengths to deeply cultivate the local market, so as to further enhance the market position. As at 31 December 2019, the Group had 4.99 million sq.m. of attributable land reserve in the Jiangxi Province, which accounted for approximately 33.1% of the total attributable land reserve, among which Nanchang accounted for approximately 83.0% of attributable land reserve in the Jiangxi Province. For the year ended 31 December 2019, Nanchang contributed attributable contracted sales of RMB20,254.2 million. Nanchang Sinic City, one of our key projects in Nanchang, is a premium residential property project located at Jiulong Lake West, enjoys one of the best locations with great accessibility, and is therefore highly sought after by customers. The region can serve 500,000 people and becomes the regional trade and exhibition center. For the year ended 31 December 2019, Nanchang Sinic City realized attributable contracted sales of RMB3,371.0 million and was recognized by a number of honors: "Best Planning and Design Award" (「最佳規劃設計獎」) by Nanchang Real Estate Association (南昌房地產協會), "Most Influential Regional Residential Community" (「區域最具影響力樓盤」) of China (Jiangxi) Real Estate Honors (中國(江西)地產榮譽榜), "Liveable Jiangxi • Best Residential Community" (宜居江西 • 人居典範樓盤) by Jiangxi Real Estate Association (江西地產協會) and "Nanchang Most Favored Residential Community 2019" (「2019年南昌人氣樓盤」) by Tencent Real Estate (騰訊房產).

In the Guangdong-Hong Kong-Macao Greater Bay Region, GDP of RMB11.5 trillion was recorded in 2018, which accounted for over 10% of the national GDP. It is positioned as one of the top-notch international bay areas by national policies, but the GDP per capita is much lower than those of the world's three major bay areas. The future industry innovation and transportation network improvement are expected to produce greater synergy and stimulate the economy in the region to grow rapidly, which fully manifest the potential of the region. In 2018, the population of the Greater Bay Region amounted to 71.16 million, and the permanent resident population will increase as the synergetic development is expected to accelerate population inflows to cities of the Greater Bay Region. In the meantime, the education, science and technology planning of the Greater Bay Region is also conducive to improving population quality. Therefore, the growth of property market will be supported. As at 31 December 2019, the Group had attributable land reserve in the Greater Bay Region of 4.90 million sq.m., which accounted for 32.5% of the total attributable land reserve. Many of the projects were located in core areas and highly growing areas including Guangzhou, Shenzhen, Zhuhai, Zhongshan and Huizhou. With superior location, the Group secured the fourth place in Huizhou with a market share of 3.7%. Xinli Dibowan is one of our most popular project in the Greater Bay Region. For the year ended 31 December 2019, Xinli Dibowan realized attributable contracted sales of RMB2,156.7 million and was honored "Attractive Top 10" (「熱評榜TOP 10」) of Huizhou New Residential Leaderboard (惠州新房指數排行榜).

The Yangtze River Delta is an important convergence zone of "Belt and Road Initiative" and Yangtze River Economic Belt and is on the golden section of international important trade routes, and is therefore regarded as strategically critical in the national modernization and all-round opening up. The Group expanded to the Yangtze River Delta Region in 2017. As at 31 December 2019, the Group had attributable land reserve in the Yangtze River Delta Region of 2.61 million sq.m., which accounted for approximately 17.3% of the total attributable land reserve. Many of the projects were located in core cities including Shanghai, Suzhou, Hangzhou, Wuxi, Nanjing and Wenzhou. Suzhou Bo Yuan in Suzhou City enjoys unique natural advantages by overlooking Taihu Lake to the south and was surrounded by Qionglong Mountain in the north, the highest mountain of Suzhou City. With superior location, Suzhou Bo Yuan realized attributable contracted sales of RMB817.1 million for the year ended 31 December 2019.

The Group has been actively expanding its business in Central and Western China in recent years. As of 31 December 2019, the Group had 2.59 million sq.m. of attributable land reserve in Central and Western China Core Cities and Other Regions with High-Growth Potential, which accounted for 17.1% of the total attributable land reserve. Among them, Changsha Yulong Wan (長沙鈺瓏灣) realized attributable contracted sales of RMB1,065.6 million for the Year. In 2019, the Group also expanded into three cities of Weifang, Yantai and Fuzhou to further develop different cities with development potential.

For the year ended 31 December 2019, the Group achieved attributable contracted sales in GFA of 3,448,001 sq.m., representing an increase of approximately 25.8% from 2,741,415 sq.m. for the year ended 31 December 2018. The Group's attributable contracted ASP in 2019 was RMB13,083 per sq.m., representing an increase of approximately 3.4% from RMB12,651 per sq.m. in 2018.

The following table summarizes the attributable contracted sales by region for the Year:

Region	Attributable contracted sales RMB'000	% of total Attributable contracted sales %	Attributable contracted GFA sq.m.	Attributable contracted ASP RMB/sq.m.
Jiangxi Province	24,504,054	54.3%	1,854,671	13,212
Greater Bay Region	10,773,005	23.9%	851,049	12,659
Yangtze River Delta Region	4,828,175	10.7%	291,973	16,536
Central and Western China Core Cities and Other Regions with High-Growth Potential	5,003,830	11.1%	450,308	11,112
Total	45,109,064	100.0%	3,448,001	13,083

Property Investment

In addition to residential property development, the Group also engages in developing commercial properties that are integrated with or near to residential properties, making contribution to upgrading community business and creating 20-minute lifestyle ecosystem. The Group focuses on the three major product systems, being shopping center, shared office and hotel management, respectively. In response to community requirements, the Group creates city-based, region-based and community-based business centers according to local characteristics and offers super premium office buildings and multi-functional apartments. Over years of planning, the Group completed the construction of several commercial property projects in succession since 2016, among which, Sinic Times Square is expected to commence operation in 2021. Sinic Times Square is a key project to the Group involving a complex that integrates residential properties, five-star hotel, office space and shopping center, and the total GFA reaches 800,000 sq.m.

Quality Safety and Product Design

The Group is committed to further improving quality management and is widely recognized for its efforts in this regard. In 2019, the Group was honored with numbers of products awards, which included six major categories in the 14th Kinpan Awards. The Sinic 4.0 products launched during the year emphasize detail-focused and sophisticated building, continuous quality improvement, and advocate three values.

Land Reserve

The Group emphasizes diversified regional distribution in second-tier cities and acquisition of high-quality land reserves. As at 31 December 2019, the total attributable land bank reached 15.1 million sq.m., covering 36 cities in total. Such distribution and land reserve showed that while building a large high-quality land reserve, the Group also greatly improved the proportions of land reserves in the Greater Bay Region and core cities of the Yangtze River Economic Belt where the Group latest expanded its businesses, through which, the Group also manifested its steadfast determination of promoting nation-wide development. The Greater Bay Region, greatly benefiting from the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Region and the policy of pioneering demonstration zone for socialism with Chinese characteristics, and core cities of the Yangtze River Economic Belt are the most active core regions of China's economy, and these positive factors will stimulate the Group to grow faster.

In view of the Group's existing land reserve, the proportion of revenue contributed by markets outside Jiangxi Province is expected to increase further in the future. The Group has now transformed from a regional property enterprise solely relying on revenue from Jiangxi Province to a cross-region integrated property developer with footprint in national core economic cities and rapid growth. The large land reserve and the diversified land acquisition approaches will become the two wings to boost performance growth.

Majority of the land reserve the Group acquired in 2019 was in the first-tier and the second-tier cities of the four major regions. During the Year, the Group acquired 36 parcels of high-quality land through various approaches including public tender, mergers and acquisitions, and joint ventures and associates. The total planned GFA of the land parcel acquired during Year was 4.8 million sq.m., of which 2.8 million sq.m. of planned GFA was attributable to the Group. The total attributable consideration of the land acquired during the Year was approximately RMB19,444.7 million. The average land cost for the lands acquired in 2019 was approximately RMB7,051 per sq.m.

The following table sets forth the details of additional land parcels developed and managed by the Group during the Year:

	Project	City	The Group's equity interest %	Planned GFA sq.m.	Attributable planned GFA sq.m.
	Jiangxi Province				
1.	Nanchang Jiang Yue	Nanchang	100%	43,712	43,712
2.	Nanchang Hongyang Fu	Nanchang	51%	95,496	48,703
3.	Nanchang Jinyao Fu	Nanchang	60%	256,102	153,661
4.	Nanchang Gongyuan Tianxia	Nanchang	40%	220,296	88,118
5.	Nanchang Tang Yue	Nanchang	50%	83,973	41,987
6.	Nanchang Jiulong Lake 144 Mu	Nanchang	50%	209,237	104,618
7.	Nanchang Hongda	Nanchang	25%	221,787	55,447
	Greater Bay Region				
8.	Zhongshan Feicui Wan	Zhongshan	100%	88,999	88,999
9.	Guangzhou Zengcheng	Guangzhou	50%	257,556	128,778
10.	Shenzhen Hebaowei	Shenzhen	51%	254,332	129,709

	Project	City	The Group's equity interest %	Planned GFA sq.m.	Attributable planned GFA sq.m.
	Yangtze River Delta Region				
11.	Wuxi Binhu 219 Mu	Wuxi	55%	142,750	78,512
12.	NanjingJiangning 110 Mu	Nanjing	34%	146,598	49,843
13.	Suzhou Bo Yuan	Suzhou	70%	202,467	141,727
14.	Ningbo Cixi Dibo Wan	Ningbo	100%	39,134	39,134
15.	Wenzhou Rui'an Dibo Wan	Wenzhou	100%	65,064	65,064
16.	Suzhou Xiangcheng 71 Mu	Suzhou	50%	103,456	51,728
17.	Shanghai Jiading Anting	Shanghai	49%	120,298	58,946
18.	Wuxi Binhu Huhu Qianhu Road South 120 Mu	Wuxi	100%	252,901	252,901
19.	Wenzhou Yueqing Downtown 24 Mu	Wenzhou	51%	40,674	20,744
20.	Jiangsu Nantong Haimen South 112 Mu	Nantong	33%	110,689	36,527
21.	Hangzhou Yuhang Zhongci Healthy Town	Hangzhou	51%	61,965	31,602
22.	Xuzhou Xincheng Xinyuan Avenue East 135 Mu	Xuzhou	30%	206,953	62,086
23.	Hefei Yaohai 49.6 Mu	Hefei	100%	61,972	61,972
24.	Hefei Xinzhan 102 Mu	Hefei	70%	133,230	93,261
25.	Hefei Luljiang Gaoxin 242 Mu	Hefei	50%	312,705	156,353
	Central and Western China Core Cities and Other Regions with High-Growth Potential				
26.	Weifang Dibo Wan	Weifang	60%	80,761	48,456
27.	Wuhan Ya Yuan K5 Parcel	Wuhan	51%	152,406	77,727
28.	Fuzhou Pingtan Tancheng 32 Mu	Fuzhou	48%	54,586	26,201
29.	Fuzhou Pingtan Pilot Region 73 Mu	Fuzhou	48%	140,449	67,416
30.	Chengdu Shuangliu 29.69 Mu	Chengdu	33%	29,905	9,869
31.	Chengdu Shuangliu 92 Mu	Chengdu	100%	123,656	123,656
32.	Weifang Dibo Wan Phase II	Weifang	60%	48,907	29,344
33.	Yantai Zhizong Huagong Road 40 Mu	Yantai	90%	83,380	75,042
34.	Chengdu Shuangliu Dongsheng 40 Mu	Chengdu	100%	53,621	53,621
35.	Chengdu Qingiyang Kuaihuo 36 Mu	Chengdu	100%	48,496	48,496
36.	Xiangyang Qingzhou 140.77 Mu	Xiangyang	50%	227,792	113,896
	Total			**4,776,303**	**2,757,856**

Property projects developed and managed by the Group's subsidiaries, joint ventures or associates

The following table sets forth the breakdown of the total attributable land reserve developed and managed by the Group's subsidiaries, joint ventures or associates in terms of geographic location as at 31 December 2019:

Region/City	Land use	Attributable GFA sq.m.	% of total Land Bank %
Jiangxi Province			
Nanchang	Residential/Commercial	4,142,842	27.5%
Ganzhou	Residential/Commercial	405,536	2.7%
Ji'an	Residential/Commercial	117,516	0.8%
Jingdezhen	Residential/Commercial	101,792	0.7%
De'an	Residential/Commercial	72,207	0.5%
Others	Residential/Commercial	152,728	0.9%
Sub-total		**4,992,621**	**33.1%**
Greater Bay Region			
Huizhou	Residential/Commercial	4,158,579	27.6%
Guangzhou	Residential	233,051	1.5%
Zhuhai	Residential/Commercial	180,245	1.2%
Shenzhen	Residential/Commercial	129,709	0.9%
Zhongshan	Residential/Commercial	104,056	0.7%
Qingyuan	Residential/Commercial	96,077	0.6%
Sub-total		**4,901,717**	**32.5%**
Yangtze River Delta Region			
Suzhou	Residential/Commercial	1,023,836	6.8%
Zhuji	Residential/Commercial	462,707	3.1%
Wuxi	Residential/Commercial	443,008	2.9%
Hefei	Residential/Commercial	311,585	2.1%
Wenzhou	Residential/Commercial	85,807	0.6%
Xuzhou	Residential/Commercial	62,086	0.4%
Shanghai	Residential/Commercial	58,946	0.4%
Nanjing	Residential/Commercial	49,843	0.3%
Others	Residential/Commercial	107,264	0.7%
Sub-total		**2,605,082**	**17.3%**
Central and Western China Core Cities and Other Regions with High-Growth Potential			
Wuhan	Residential/Commercial	768,500	5.1%
Changsha	Residential/Commercial	745,404	4.9%
Chengdu	Residential/Commercial	392,756	2.6%
Ezhou	Residential/Commercial	144,651	1.0%
Zigong	Residential/Commercial	122,714	0.8%
Xiangyang	Residential	113,896	0.8%
Fuzhou	Residential/Commercial	93,617	0.6%
Yantai	Residential/Commercial	75,042	0.5%
Others	Residential/Commercial	131,437	0.8%
Sub-total		**2,588,017**	**17.1%**
Total		**15,087,437**	**100.0%**

Details of the land acquired by the Group subsequent to the end of the reporting period as of 30 March 2020 are as follows:

	Yangtze River Delta Region	City	The Group's equity interest %	Planned GFA sq.m.	Attributable planned GFA sq.m.
1	Suzhou Zhangpu Yinhe Road West 84 Mu Residential Parcel	Suzhou	50%	139,488	69,744
2	Jiangsu Nantong Beijing Road South 70 Mu Commercial and Residential Parcel	Nantong	24.5%	65,909	16,148
3	Xuzhou Gulou Haiyangguan East Road East 81 Mu Parcel	Xuzhou	50%	81,257	40,628

FINANCIAL REVIEW

Revenue

Revenue of the Group arises from sales of properties, the provision of consulting services to independent third parties and leasing of investment properties. For the year ended 31 December 2019, approximately 99.3% (2018: 99.7%) of the Group's revenue was derived from the sales of properties, approximately 0.7% (2018: 0.3%) was derived from consulting services and leasing of investment properties.

The following table summarizes the revenue recognized by business for the years indicated:

	For the year ended 31 December			
	2019		2018	
	RMB'000	**%**	RMB'000	%
Sales of properties	**26,806,590**	**99.3**	8,389,269	99.7
Consulting services	**169,281**	**0.6**	23,628	0.3
Rental income	**9,072**	**0.1**	2,756	0.0
Total	**26,984,943**	**100.0**	8,415,653	100.0

For the year ended 31 December 2019, the Group recorded total revenue of RMB26,984.9 million, representing an increase of approximately 220.7% as compared to RMB8,415.7 million of last year, which was primarily attributable to the increase in revenue from sales of properties during the Year.

Revenue from sales of properties

For the year ended 31 December 2019, revenue from sales of properties are mainly derived from the sales of residential properties with higher turnover rate and accounted for approximately 99.3% of the total revenue. Revenue generated from sales of properties increased by approximately 219.5% to RMB26,806.6 million for the year ended 31 December 2019 from RMB8,389.3 million for the year ended 31 December 2018, which was primarily due to the increase in GFA delivered and ASP of the properties delivered by the Group during the Year. For the year ended 31 December 2019, the total GFA delivered amounted to 2,699,724 sq.m., representing a year-on-year increase of approximately 141.1%; while the ASP of the properties delivered amounted to RMB9,929 per sq.m. (after tax), representing an increase of approximately 32.5% as compared to last year. During the Year, the revenue recognized are derived from Jiangxi Province, Greater Bay Region, Yangtze River Delta Region and Central and Western China Core Cities and Other Regions with High-Growth Potential, which accounted for approximately 63.7%, 27.0%, 7.7% and 1.6%, respectively.

Revenue from consulting services

Revenue generated from the provision of consulting services increased by approximately 616.4% to RMB169.3 million for the year ended 31 December 2019 from RMB23.6 million for the year ended 31 December 2018, primarily due to a number of new projects were engaged in providing consulting services during the Year.

Rental income

Rental income from the leasing of investment properties increased by approximately 229.2% to RMB9.1 million for the year ended 31 December 2019 from RMB2.8 million for the year ended 31 December 2018, which was primarily attributable to the increase in investment properties leasing out.

Cost of sales

Cost of sales primarily represent costs the Group incurred directly relating to its property development activities, which mainly consist of construction costs, land acquisition costs and capitalized interest. The Group's cost of sales increased by approximately 260.1% to RMB18,986.4 million for the year ended 31 December 2019 from RMB5,272.7 million for the year ended 31 December 2018, which was primarily attributable to the increase in the scale of the Group's operations as evidenced by the increase in GFA delivered.

Gross profit and gross profit margin

The Group's gross profit increased by approximately 154.5% to RMB7,998.5 million for the year ended 31 December 2019 from RMB3,143.0 million for the year ended 31 December 2018, which was primarily due to the Group's business expansion during the Year. For the Year, gross profit margin amounted to approximately 29.6%, representing a decrease of 7.7 percentage points as compared to 37.3% for the year ended 31 December 2018. The decrease was primarily attributable to change in gross profit margin of properties delivered during the Year.

Finance income

Finance income primarily represent interest income on bank deposits and long-term debt investments. The Group's finance income decreased by approximately 55.4% to RMB47.2 million for the year ended 31 December 2019 from RMB105.7 million for the year ended 31 December 2018, which was primarily attributable to the disposal of long-term debt investments during the Year resulting a decrease in interest income.

Other income and gains

The Group's other income and gains increased to RMB105.6 million for the year ended 31 December 2019 from RMB5.9 million for the year ended 31 December 2018. Other income and gains for the Year were primarily attributable to a record of gains on disposal of subsidiaries amounted to RMB76.3 million during the Year.

Selling and distribution expenses

Selling and distribution expenses primarily consist of (i) advertising costs; (ii) sales and marketing staff costs; (iii) property management fees paid to agencies; and (iv) sales commission to real estate agents. The Group's selling and distribution expenses increased by approximately 63.7% to RMB1,076.7 million for the year ended 31 December 2019 from RMB657.6 million for the year ended 31 December 2018, which was primarily attributable to the increase in advertising cost and sales commissions due to business expansion.

The total amount of selling and distribution expenses as a percentage of the Group's revenue decreased from approximately 7.8% in 2018 to approximately 4.0% in 2019, as the Group achieved economies of scale due to the significant increase in its scale of operations.

Administrative expenses

Administrative expenses primarily consist of (i) administrative staff costs; (ii) office expenses; and (iii) tax expenses other than corporate income tax. The Group's administrative expenses increased by approximately 32.2% to RMB568.8 million for the year ended 31 December 2019 from RMB430.2 million for the year ended 31 December 2018, which was primarily attributable to the increase in staff cost as a result of the increase in number of administrative headcount.

The total amount of administrative expenses as a percentage of the Group's revenue decreased from approximately 5.1% in 2018 to approximately 2.1% in 2019, as the Group achieved economies of scale due to the significant increase in its scale of operations.

Fair value gains on investment properties

Fair value gains on investment properties represent the increase in fair value of the investment properties located in certain commercial areas held by the Group for rental, operating income or capital appreciation. For the year ended 31 December 2019, the Group recorded fair value gains on investment properties of RMB164.8 million, an increase of 49.5% form RMB110.2 million for the year ended 31 December 2018. The increase was mainly attributable to the increase in the fair value of Nanchang Sinic Center (南昌新力中心) and Nanchang Times Square (南昌時代廣場) amounted to RMB60.1 million and RMB93.3 million, respectively.

Finance costs

Finance costs mainly represent interest expenses on bank and other borrowings and interest arising from a significant financing component of contract liabilities related to the pre-sale proceeds less the capitalized interest relating to properties under development. The Group's finance costs increased by approximately 7.2% to RMB456.4 million for the year ended 31 December 2019 from RMB425.8 million for the year ended 31 December 2018, which was primarily attributable to combined effect of the increase in interest on loans and borrowings, interest expense arising from revenue contract and interest capitalization.

The Group's gross finance costs before capitalization for the year ended 31 December 2019 was RMB2,409.7 million, representing an increase of approximately 19.2% from RMB2,021.4 million for the year ended 31 December 2018. The increase was mainly due to the increase in borrowings during the Year.

The Group's weighted average cost of indebtedness as at 31 December 2019 was approximately 9.2% (31 December 2018: 9.3%).

Share of profit/losses of joint ventures

The Group recorded share of profits of joint ventures of RMB62.3 million for the year ended 31 December 2019 and share of losses of joint ventures of RMB9.5 million for the year ended 31 December 2018. Such change was primarily due to the delivery of property projects held by the Group's joint ventures which generated profit during the year ended 31 December 2019.

Share of profits of associates

The Group's share of profits of associates decreased by approximately 19.2% to RMB39.5 million for the year ended 31 December 2019 from RMB48.9 million for the year ended 31 December 2018, primarily due to the decrease in profits generated from the delivery of property projects held by the Group's associates during the year ended 31 December 2019.

Profit before tax

As a result of the aforementioned changes of the Group's financials, the Group's profit before tax increased by approximately 236.1% to RMB6,264.0 million for the year ended 31 December 2019 from RMB1,863.5 million for the year ended 31 December 2018.

Income tax expense

The Group's income tax expense comprises provisions made for enterprise income tax and land appreciation tax in the PRC, net of deferred tax during the Year. The Group's income tax expense increased by approximately 224.8% to RMB4,249.8 million for the year ended 31 December 2019 from RMB1,308.5 million for the year ended 31 December 2018, mainly attributable to increase in corporation income tax and land appreciation tax as a result of the significant increase in taxable profit and property sales.

The effective income tax rate of the Group, being the income tax divided by profit before taxation, for the year ended 31 December 2019 was 67.8%, compared to 70.2% for the year ended 31 December 2018.

Profit for the year

As a result of the aforementioned changes of the Group's financials, the Group's profit for the year increased by approximately 263.0% to RMB2,014.3 million for the year ended 31 December 2019 from RMB555.0 million for the year ended 31 December 2018. The profit attributable to the owners of the parent was RMB1,957.8 million, representing a year-on-year increase of approximately 373.4% from RMB413.5 million in 2018. Net profit margin increased to 7.5% in 2019 from 6.6% in 2018.

The core profit attributable to the owners of the parent was RMB1,852.7 million in 2019, representing an increase of approximately 485.2% from RMB316.6 million in 2018. Core profit attributable to the owners represents profit attributable to the owners amounted to RMB1,957.8 million less the fair value gains on investment properties (net of tax) amounted to RMB123.7 million and add back the net fair value losses on financial assets/liabilities (net of tax) amounted to RMB18.6 million.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

The industry in which the Group engages is a capital-intensive industry. The Group met and expects to continue meeting its operating capital, capital expenditure and other capital needs with proceeds from the Listing and cash generated from operations including proceeds from sale and pre-sale of properties and bank and other borrowings. The Group's need for long-term liquid capital is associated with capital allocated for property development projects and repayment of long-term loans.

Net current assets

As at 31 December 2019, the Group's net current assets amounted to RMB11,603.6 million (2018: RMB8,338.1 million). Specifically, the Group's total current assets increased by approximately 14.7% to RMB77,863.5 million as at 31 December 2019 from RMB67,887.4 million as at 31 December 2018. The Group's total current liabilities increased by approximately 11.3% to RMB66,260.0 million as at 31 December 2019 from RMB59,549.3 million as at 31 December 2018. The increase in the Group's total current assets was primarily attributable to increase in cash and cash equivalents and properties under development during the Year.

Cash position

As at 31 December 2019, the Group had cash and bank balances of RMB16,598.6 million (2018: RMB10,065.6 million). Excluding restricted cash and pledged deposits, the cash and cash equivalents amounted to RMB10,558.7 million, of which RMB9,772.2 million, RMB756.0 million and RMB30.5 million (2018: RMB7,042.2 million, RMB41.3 million and nil) were denominated in RMB, HK$ and US$, respectively.

Indebtedness

As at 31 December 2019, the Group had total outstanding borrowings of RMB26,573.0 million (2018: RMB22,102.8 million), of which RMB17,543.5 million (2018: RMB10,115.3 million) was carried at fixed rates.

The following table sets forth Group's total borrowings as at the dates indicated:

	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000
Non-current		
Bank loans – secured	**7,823,160**	5,914,494
Other loans – secured	**6,698,115**	6,371,246
Corporate bonds	**406,552**	592,070
Total non-current borrowings	**14,927,827**	12,877,810
Current		
Bank loans – secured	**–**	50,000
Other loans – secured	**2,357,686**	2,713,907
Other loans – unsecured	**741,242**	–
Current portion of long term bank loans – secured	**3,550,410**	3,107,694
Current portion of other loans – secured	**3,559,585**	3,353,363
Corporate bonds and senior notes	**1,436,217**	–
Total current borrowings	**11,645,140**	9,224,964
Total borrowings	**26,572,967**	22,102,774
Secured	**24,801,101**	21,510,704
Unsecured	**1,771,866**	592,070
	26,572,967	22,102,774

The following table sets forth the maturity profiles of the Group's total borrowings as at the dates indicated:

	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000
Bank loans repayable:		
– Within one year or on demand	**3,550,410**	3,157,694
– In the second year	**4,513,400**	4,516,794
– In the third to fifth year, inclusive	**3,309,760**	1,397,700
Sub-total	**11,373,570**	9,072,188
Other borrowings, senior notes and corporate bonds repayable:		
– Within one year or on demand	**8,094,730**	6,067,270
– In the second year	**6,889,667**	6,963,316
– In the third to fifth year, inclusive	**215,000**	–
Sub-total	**15,199,397**	13,030,586
Total	**26,572,967**	22,102,774

The following table sets forth the currency denomination of the Group's total borrowings as at the dates indicated:

By currency denomination

	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000
Analysis of borrowings by currency		
– Denominated in RMB	**25,693,566**	22,102,774
– Denominated in US$	**812,145**	–
– Denominated in HK$	**67,256**	–
	26,572,967	22,102,774

Net gearing ratio

As at 31 December 2019, the Group's net gearing ratio was 67.0%.

Pledge of assets

As at 31 December 2019, the Group's borrowings were secured by the Group's assets of RMB27,200.0 million (2018: RMB19,370.2 million) which include (i) investment properties; (ii) properties under development; (iii) completed properties held for sale; (iv) financial assets at fair value through profit or loss; and (v) pledged deposits.

Financial risks

The Group's activities expose it to a variety of financial risks, including interest rate risk, foreign currency risk, credit risk and liquidity risk. To minimize the Group's exposure to these risks, the Group did not used any derivatives and other instruments for hedging purposes. The Group did not hold or issue derivative financial instruments for trading purposes.

Interest rate risk

The Group's exposure to risk for changes in market interest rates relates primarily to the Group's interest-bearing bank and other borrowings. The Group has not use derivative financial instruments to hedge interest rate risk and manages its interest cost using variable rate bank borrowings and other borrowings.

Foreign currency risk

The Group primarily operates its business in China and substantially all of its revenue and expenditures are denominated in Renminbi, while the net proceeds from the Listing were made in HK$. As at 31 December 2019, the Group had bank balances and cash denominated in Hong Kong dollars and United States dollars of RMB756.0 million and RMB30.5 million respectively, which are subject to fluctuations in exchange rates. In addition, the Group has transactional currency exposures, arising mainly from the Group's interest-bearing bank and other borrowings denominated in HK$ and US$. The Group does not have a foreign currency hedging policy. However, the Group will closely monitor its exposure to exchange rates in order to best preserve the Group's cash value.

Credit risk

The Group divides financial instruments on the basis of shared credit risk characteristics, such as instrument type and credit risk ratings for the purpose of determining significant increases in credit risk and calculation of impairment. To manage risk arising from trade receivables, the Group has policies in place to ensure that credit terms are made only to counterparties with an appropriate credit history and management performs ongoing credit evaluations of the Group's counterparties. The credit period granted to the customers is generally six months and the credit quality of these customers is assessed, taking into account their financial position, past experience and other factors. The Group also has other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews regularly the recoverable amount of trade receivables to ensure that adequate impairment losses are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings. Cash flows are closely monitored on an ongoing basis.

CONTINGENT LIABILITIES

Mortgage guarantees

The Group provided mortgage guarantees to banks in respect of the mortgage loans they provided to the Group's 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 certificates to the customers, or (ii) the settlement of mortgage loans by the customers. If a purchaser defaults on the mortgage loan, the Group is typically required to repurchase the underlying property by paying off the mortgage loan. If the Group fails to do so, the mortgagee banks will auction the underlying property and recover the balance from the Group if the outstanding loan amount exceeds the net foreclosure sale proceeds. In line with industry practice, the Group does not conduct independent credit checks on its customers but rely on the credit checks conducted by the mortgagee banks.

The total guarantee provided by the Group to banks in connection with facilities granted to the Group's customers amounted to RMB27,964.7 million as at 31 December 2019 (2018: RMB27,465.9 million). The total guarantee provided by the Group to banks in connection with facilities granted to the Group's joint ventures and associates amounted to RMB8,633.4 million as at 31 December 2019 (2018: RMB4,854.8 million).

The Group did not incur any material losses during the year in respect of the guarantees provided for mortgage facilities granted to purchasers of the Group's completed properties held for sale. The Directors considered that in case of default on payments, the net realizable value of the related properties would be sufficient to repay the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

Legal contingencies

The Group may be involved in lawsuits and other proceedings in its ordinary course of business from time to time. The Group believes that no liabilities resulting from these proceedings will have a material and adverse effect on our business, financial condition or operating results.

COMMITMENTS

As at 31 December 2019, the Group had capital commitment in relation to the properties under development, acquisition of equity interests and capital contribution for investments in joint ventures and associates amounted to RMB18,985.7 million (2018: RMB16,826.0 million).

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Except for the contingent liabilities disclosed above, as at 31 December 2019, the Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or 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.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

Save as disclosed in notes 39 and 40 to the consolidated financial statements in this report, the Group did not have any material acquisition or disposal of subsidiaries, associated companies and joint ventures during the Year.

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

Save as disclosed in notes 14, 17 and 18 to the consolidated financial statements in this report, there was no significant investment held by the Group as at 31 December 2019.

FUTURE PLANS FOR MATERIAL INVESTMENTS

The Group will continue to focus on its existing property development business and acquiring high-quality land parcel in China. No concrete plan for future investments is in place as at the date of this report.

USE OF PROCEEDS FROM THE LISTING

Net proceeds from the Listing (including the partial exercise of the over-allotment options), after deducting the underwriting commission and other estimated expenses in connection with the Listing amounted to approximately HK$2,188.9 million. Up to the date of this report, the net proceeds received from the Listing have been used, and will continue to be used, in a manner consistent with the proposed allocations in the Prospectus.

As at 31 December 2019, the Group utilized the proceeds from the Listing in the amount of approximately HK$1,267.8 million, among which (i) approximately HK$671.7 million was used for repayment of a portion of an interest-bearing borrowing for project development; (ii) approximately HK$200.0 million was allocated for general business operations and working capital; and (iii) approximately HK$396.1 million was used for financing the Group's existing property projects. The remaining proceeds of approximately HK$921.1 million is expected to be used for financing the Group's existing property projects and will be paid year by year according to the progress of construction in the following years.

EMPLOYEE, REMUNERATION POLICY AND TRAINING

As at 31 December 2019, the Group had 3,650 employees, representing an increase of 14.9% from 3,176 employees as at 31 December 2018. Total staff costs amounted to RMB395.3 million, representing an increase of approximately 56.6% as compared with that of RMB252.4 million in 2018. The compensation level is determined based on the qualification, position, seniority and periodic performance reviews of each of the employees. In the performance reviews, each of the employees is assessed with reference to the value that the employee has created for the Group during the performance period and any other meaningful contributions that the employee has made to the Group. Accordingly, their benefit packages are adjusted based on the assessments from the performance reviews. During the Year, the Group improved the welfare packages provided to its employees and adjusted the salary structure and the bonus payment mechanism with a view to improving its pay for performance compensation policy.

The Group is led by an experienced and professional management team. Since the establishment in 2010, the Board has been leading the Group to develop rapidly. Members of the senior management have extensive experience in the property development sector. Most of the senior executives have over 20 years of industry experience in average. With outstanding leadership, international vision and incomparable execution of the management and the prudent implementation of international best practice in consistency with the Company's actual conditions, the Group has become one of the strongest property developers in China.

To effectively expedite the realization of RMB100 billion target and to provide stronger human resource support, Sinic has completed the deployment schedule for the four major regions in 2019, and focused resources on improving the Group's organizational structure, the incentive mechanism and the talent development system.

Promoting "structure optimization and efficiency improvement" in organization management: The Group conducted employee engagement survey to identify drivers of employee engagement, improved each function centre and the organizational structure and post setting of city companies, so as to build a horizontal organization, clearly define powers and responsibilities and reasonably divide the work. It developed the Measures on Managing Management Fees (《管理費管理辦法》), set the framework that city companies should work out the budget and fulfil tasks on a contract basis and should be solely responsible for any profit or loss, determined clearly the staffing standard, launched staffing dynamic control and improved the overall organizational productivity and the output per capita.

With respect to talent retention and incentive, the Group improved the benefit system and the benefit standard, and comprehensively adjusted the compensation system, including the salary structure and the bonus payment, so that employees' income was linked to the performance more closely. In 2019, the Group realized the promotion of project co-investment mechanism, and employees became the internal "partners" of co-invested projects through co-investment, which was conducive to accelerating the overall project operation and improving the efficiency and benefits.

Promoting "external recruitment and internal cultivation" in talent development: The Group was open to national key universities and launched the young power campus recruitment campaign themed "Seeking Slash Youth" to attract a number of outstanding graduates. It developed the three-tier talent review system, conducted comprehensive review on key talents of the Company, and set out the nine-patch talent review model and the talent development program. The Group also attached great importance to the cultivation and skill development of employees and offered special trainings and incentive programs tailored for different levels of employees, which included Orientation Plan, Growth Plan, Advanced Plan and Tutor Plan. In addition, the Group established internal learning platforms for employees, and the internal learning environment and mechanism support platform offered employees diverse career growth and development opportunities.

Constructing corporate culture through culture traction: The Group organized executive culture workshops and developed the five "Sinic Growth Values" and the corporate concept system. It promoted these values to all employees by working out the culture manual, holding culture sharing meetings and exclusive series activities of celebrities sharing cultural understanding, and the pass rate of employees' corporate value assessment reached 99.9%. To further promote the corporate culture, Sinic established a complete implementation mechanism that covered cultural cognition, cultural identity and cultural practice, and developed a special Sinic organizational culture and value assessment system to assess the cultural understanding and practice of over 2,700 employees, so as to facilitate the healthy organization development and the talent decision.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Zhang Yuanlin (張園林), aged 43, founded the Group in March 2010. Mr. Zhang has been a Director since 18 September 2018 and was re-designated as the chairman of the Board, an executive Director and the CEO of the Company on 14 May 2019. He ceased to be the CEO and was re-designated as the co-chairman of the Board on 2 March 2020. Mr. Zhang is primarily responsible for the overall business direction and strategic development of the Group. Mr. Zhang has also served as a director of Jiangxi Sinic Properties Investment Co., Ltd. (江西新力置地投資有限公司), a subsidiary of the Group, since March 2010. He has over 17 years of experience in the PRC real estate industry. From January 2002 to January 2006, he worked in Jiangxi Province Fifth Construction Group Co., Ltd. (江西省第五建設集團有限公司), a general contractor for construction engineering projects and infrastructure construction projects, with his last position as the general manager. From December 2005 to October 2018, he served as the executive director of Jiangxi Yuren Investment Co., Ltd. (江西裕仁投資有限公司). From August 2007 to January 2014, he served as the executive director of Jiangxi Fengcheng Hilton Properties Co., Ltd. (江西省豐城市希爾頓置地有限公司), a company engaged in the development of residential properties in Fengcheng City in Jiangxi Province of the PRC.

Mr. Zhang has received multiple awards in recognition of his outstanding achievements. He was named one of the "100 Most Influential Entrepreneurs in China's Real Estate Industry in 2018" (2018中國房地產百強企業貢獻人物) as well as the "Leading Person of Real Estate in Nanchang in 2016" (2016南昌樓市領軍人物) by China Real Estate Top 10 Research Group (中國房地產Top 10研究組) in 2018 and 2016, respectively. In 2015, Mr. Zhang was recognized as a "Person with Outstanding Contributions in China's Real Estate Industry in 2015" (中國品牌地產榮譽榜2015年傑出人物) by China Real Estate Business Alliance (全國房地產商會聯盟). He was also awarded the "Top 10 Figures in Jiangxi's Real Estate Industry of the Year" (江西地產年度十大名人) by Jiangxi Real Estate Association (江西省地產協會) in January 2015.

Mr. Zhang has entered into a service contract with the Company under which he is entitled to a director's fee of RMB1.2 million per annum and a discretionary bonus to be determined with reference to his duties and responsibilities as well as the prevailing market conditions. He is also a director of Xin Hong Company Limited, Sinic Group Company Limited and Sinic Holdings Group Company Limited, each a substantial shareholder of the Company within the meaning of Part XV of the SFO.

Mr. Chen Kai (陳凱), aged 50, was appointed as an executive Director, the CEO and co-chairman of the Board on 2 March 2020 and has extensive knowledge in business management and working experience in a variety of industries, including real estate and finance. Mr. Chen worked for the China Resources Group from 1995 to 2008 where he served as the managing director of China Resources Land (Shanghai) Ltd., and concurrently assumed the same role in China Resources Land (Wuhan) Ltd., China Resources Land (Suzhou) Ltd., China Resources Land (Ningbo) Ltd. and China Resources Sun Hung Kai Properties (Wuxi) Limited. In addition, he was appointed as the executive director of China Resources Land Limited, a property developer under China Resources Group and listed on the Stock Exchange (stock code: 1109), between March 2003 and February 2006. From March 2008 to May 2011, Mr. Chen worked in Longfor Properties Co. Ltd. and its subsidiaries, and served as its executive director, general manager of operation and business development department and commercial general manager between September 2009 and May 2011. Longfor Properties Co. Ltd. is a company listed on the Stock Exchange (stock code: 960) and engages in property development, property investment and property management and related services. From June 2011 to December 2011, Mr. Chen was the chief executive officer of Fosun Property Holdings Limited. Mr. Chen worked for Yango Group Co., Ltd., a property management company listed on the Shenzhen Stock Exchange (Shenzhen stock code: 000671), where he served as the chief executive officer from February 2012 to December 2014 and was appointed as the co-chairman of the company from January 2015 to December 2015. In January 2016, Mr. Chen founded Pure Capital, a real estate investment fund specializing in commercial and residential properties. Thereafter, he was appointed as the chairman of Zoina Land, the real estate brand under Jiangsu Zhongnan Construction Group Co. Ltd., which is listed on the Shenzhen Stock Exchange (Shenzhen stock code: 000961), from August 2017 to February 2020.

Mr. Chen obtained a master of science in engineering from Zhejiang University, the PRC, in 1995.

Mr. Chen has entered into a service contract with the Company under which he is entitled to a director's fee of RMB1.2 million per annum and a discretionary bonus to be determined with reference to his duties and responsibilities as well as the prevailing market conditions.

Mr. She Runting (佘潤廷), aged 37, was appointed as the executive Director on 14 May 2019. He joined the Group in October 2017 as the vice president and he is responsible for the overall investment, operation, marketing and brand management of the Group. Mr. She has over 14 years of experience in the PRC real estate industry. Prior to joining the Group, Mr. She worked in China Vanke Co., Ltd. (萬科企業股份有限公司) as the regional general manager of the investment operation and management department from July 2004 to August 2012. China Vanke Co., Ltd. is a joint-stock company principally engaged in the business of property development in the PRC, whose A shares and H shares of which are listed on the Shenzhen Stock Exchange and the Stock Exchange (A share stock code: 00002; H share stock code: 2202), respectively. From September 2012 to September 2017, he was appointed as the vice president of investment of Shanghai Xinyuan Yuanding Real Estate Development Co., Ltd. (上海協信遠定房地產開發有限公司), a company engaged in property development, and its regional general manager in Shanghai. Mr. She graduated from Tongji University (同濟大學) in the PRC in July 2004 with bachelor's degrees in civil engineering and business administration, respectively.

Mr. She has entered into a service contract with the Company under which he is entitled to a director's fee of RMB2.1 million per annum and a discretionary bonus to be determined with reference to his duties and responsibilities as well as the prevailing market conditions.

Ms. Tu Jing (涂菁), aged 31, was appointed as the executive Director on 14 May 2019. Ms. Tu is primarily responsible for the overall management of the Group and performance review of the senior management of the Group. Ms. Tu joined the Group in February 2014 as the secretary to the chairman and assumed the role of director of operations management in February 2015. She was appointed as a director of Jiangxi Sinic Properties Investment Co., Ltd. (江西新力置地投資有限公司), a subsidiary of the Group, in August 2016. Ms. Tu has over 8 years of experience in the PRC real estate industry. Prior to joining the Group, Ms. Tu worked in Hebei Zhaoxiang Property Development Co., Ltd. (河北兆翔房地產開發有限公司), a company engaged in property development, as the chairman assistant from February 2011 to January 2014. Ms. Tu graduated from Nanchang Institute of Technology (南昌工程學院) in the PRC in July 2011 with a bachelor's degree in international economics and trade.

Ms. Tu has entered into a service contract with the Company under which she is entitled to a director's fee of RMB604,800 per annum and a discretionary bonus to be determined with reference to her duties and responsibilities as well as the prevailing market conditions.

Independent non-executive Directors

Mr. Tam Chi Choi (譚志才), aged 55, was appointed as an independent non-executive Director on 26 August 2019. Mr. Tam has over 32 years of accounting and finance experience. He began his career at KPMG Peat Marwick from August 1987 to April 1991 and his last position was audit supervisor. He worked as an accounting manager of Kosonic Industries Company Limited from May 1991 to July 1992 and as a deputy accounting manager of Applied Electronics (OEM) Limited from December 1992 to July 1994. From August 1994 to November 2015, he worked at the listing division of the Stock Exchange and his last position was vice president. From November 2015 to October 2017, he served as a director of the quality and risk control division of CCB International Capital Limited. He was the responsible officer of Proton Capital Limited from February 2018 to September 2018. He has served as a corporate finance director of Eric Chow & Co. in association with Commerce and Finance Law Offices since September 2018.

Mr. Tam obtained an honors diploma in accounting from Hong Kong Baptist College in July 1987 and a master's degree in business administration from the University of Canberra in Australia in December 2002. He became a fellow of the Chartered Association of Certified Accountants and the Hong Kong Institute of Certified Public Accountants in October 1995 and October 2000, respectively. Mr. Tam was a committee member of the ACCA Hong Kong Committee from 2003 to 2008.

Mr. Tam is entitled to a director's fee of RMB260,000 per annum under the letter of appointment.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Au Yeung Po Fung (歐陽寶豐), aged 52, was appointed as an independent non-executive Director in June 2019. Mr. Au Yeung has extensive work experience in the real estate industry. He held various senior management positions in various real estate companies, including Beijing Huahong Group Co., Ltd. (北京華鴻集團), Sansheng Holdings (Group) Co. Ltd. (三盛控股(集團)有限公司), Fujian Sansheng Property Development Company Limited (福建三盛房地產開發有限公司), South China Assets Holdings Limited (南華資產控股有限公司), Shenzhen Tianlai Tourism Property Group (深圳天來文旅地產集團), Shanghai Fuxing High Technology (Group) Co., Ltd. (上海復星高科技(集團)有限公司) (a subsidiary of Fosun International Limited (復星國際有限公司)), Sun Hung Kai Properties Limited (新鴻基地產開發有限公司), Powerlong Real Estate Holdings Limited (寶龍地產控股有限公司). Mr. Au Yeung graduated from The Hong Kong Polytechnic College (now known as The Hong Kong Polytechnic University) in November 1990 with a bachelor's degree in business studies. He was admitted as fellow of the Association of Chartered Certified Accountants in November 2000, a fellow of the Hong Kong Institute of Certified Public Accountants in May 2003, a chartered financial analyst of the CFA Institute in September 2006, and a fellow of the Institute of Chartered Accountants in England and Wales in July 2015.

In addition, Mr. Au Yeung holds or had served as an independent non-executive director in the following companies listed on the Stock Exchange:

Period of service	Name of company	Principal business
June 2019 to present	Zhongliang Holdings Group Company Limited (中梁控股集團有限公司) (Stock Code: 2772)	Property development, property management, property leasing and management consulting
June 2018 to present	eBroker Group Limited (電子交易集團有限公司) (Stock Code: 8036)	A financial technology solution provider focusing on the provision of financial software solution services
June 2018 to present	Redsun Properties Group Limited (弘陽地產集團有限公司) (Stock Code: 1996)	Property development, property leasing, commercial property investment and operation and hotel operation
May 2018 to present	Shanshan Brand Management Co., Ltd. (杉杉品牌運營股份有限公司) (Stock Code: 1749)	Design, marketing and sales of formal and casual business menswear
July 2017 to February 2020	GR Properties Limited (國銳地產有限公司) (Stock Code: 108)	Property management, property development and investment
July 2016 to September 2019	China LNG Group Limited (中國天然氣集團有限公司) (Stock Code: 931)	Natural gas-related business, property investment, money lending and the trading of securities
May 2016 to September 2016	Kiu Hung International Holdings Limited (僑雄國際控股有限公司) (Stock Code: 381)	Toys, resources and leisure-related business

While Mr. Au Yeung is currently holding directorships in four other companies listed on the Stock Exchange as disclosed above, the Directors are of the view that Mr. Au Yeung will be able to devote sufficient time to discharge his duties and responsibilities as an independent non-executive Director given that: (i) his roles in other listed companies primarily requires him to oversee their management independently, rather than to allocate substantial time on the participation of the day-to-day management and operations of their respective businesses; (ii) he has demonstrated that he is capable of devoting sufficient time to discharge his duties owed to each of these listed companies by attending board meetings and board committee meetings of these listed companies during their latest financial year, as disclosed in the annual reports of the relevant listed companies; (iii) he has acquired extensive management experience and developed substantial knowledge on corporate governance through his directorships in other listed companies, which is expected to facilitate the proper discharge of his duties and responsibilities as an independent non-executive Director; and (iv) he has confirmed that he will have sufficient time to fulfill his duties as an independent non-executive Director notwithstanding his existing independent non-executive directorships in four other listed companies.

Mr. Au Yeung is entitled to a director's fee of RMB260,000 per annum under the letter of appointment.

Mr. Liu Xin (劉昕), aged 50, was appointed as an independent non-executive Director on 26 August 2019. Mr. Liu has served successively as an associate professor, professor and a doctoral supervisor of the Institute of Organisation and Human Resources at the School of Public Administration and Policy in Renmin University of China (中國人民大學公共管理學院組織與人力資源研究所) since February 2001. He is also a researcher at the National Academy of Development and Strategy in Renmin University of China (中國人民大學國家發展與戰略研究院) in the PRC. He has been teaching in Renmin University of China since 1997 and served successively as a lecturer and an associate professor of the School of Labour and Human Resources from June 1997 to February 2001. From August 1998 to July 1999, Mr. Liu served as a visiting scholar at Ghent University in Belgium. From August 2009 to July 2010, Mr. Liu served as a senior visiting scholar of the Fulbright Program at Harvard University in the United States. From September 2011 to December 2011, Mr. Liu served as a visiting professor of Gerald R. Ford School of Public Policy, University of Michigan in the United States. From May 2003 to October 2013, he served as a chief expert and senior partner of Beijing Boom HR Consulting Co., Ltd (北京博目企業管理顧問有限公司) and participated in the management and operation of the company. Mr. Liu is currently a deputy chairman and chief secretary of China's Association of Human Resource Management Teaching and Practicing (中國人力資源開發教學與實踐研究會). Mr. Liu obtained a bachelor's degree, a master's degree and a doctorate degree in Labour Economics from the Renmin University of China in the PRC in July 1991, June 1994 and June 1997, respectively.

Mr. Liu has been serving as an independent non-executive director of Beijing Capital Land Ltd. (首創置業股份有限公司), a company listed on the Stock Exchange (Stock Code: 2868), since December 2017.

Mr. Liu is entitled to a director's fee of RMB260,000 per annum under the letter of appointment.

COMPANY SECRETARY

Mr. Yim Lok Kwan (嚴洛鈞) was appointed as the company secretary of the Company on 14 May 2019. Mr. Yim is a manager of SWCS Corporate Services Group (Hong Kong) Limited and has over six years of experience in the corporate services field. He is an associate member of both the Hong Kong Institute of Chartered Secretaries and the Chartered Governance Institute (formerly known as the Institute of Chartered Secretaries and Administrators). In addition, he holds a bachelor's degree in accounting and a master's degree in corporate governance.

SENIOR MANAGEMENT

Mr. Hu Yanfang (胡衍放), aged 42, joined the Group in September 2012 as a project manager and was later promoted to the position of chief project manager. Since February 2017, he has served as the general manager of business operation for supervising the daily operations of the Group in Wuhan area, Hubei Province. Mr. Hu has also assumed multiple directorships in the subsidiaries of the Company, including Wuhan Furui Decheng Property Development Co., Ltd. (武漢福瑞德成房地產開發有限公司) since September 2017 and Wuhan Baohe Youcheng Real Estate Co., Ltd. (武漢保和優誠置業有限公司) since October 2017. Mr. Hu has over 19 years of experience in the PRC real estate industry. Prior to joining the Group, he served as a technical manager in Jiangxi Zhongnan Construction Engineering Group Co., Ltd. (江西中南建設集團有限公司), a company engaged in construction engineering, from February 2000 to August 2006. He then worked as a project manager in two companies engaged in property development, namely Jiangxi Jiazhuo Investment Management Development Group Ltd. (江西佳卓投資管理發展集團有限公司) from September 2006 to March 2010 and Nanchang Causeway Bay Plaza Investment Co., Ltd. (南昌銅鑼灣廣場投資有限公司) from April 2010 to August 2012. Mr. Hu graduated from Jiangxi Southeast Learning Institute (江西東南進修學院) in the PRC with a diploma in civil engineering in October 2000.

Mr. Wang Jingwei (王敬偉), aged 50, joined the Group in July 2014 as a general project manager and was promoted to the position of regional general manager in October 2017. He is primarily responsible for supervising the daily operations of the Group in Ganyue area, Jiangxi Province. Mr. Wang has over 12 years of experience in the PRC real estate industry. From October 2006 to September 2008, Mr. Wang worked as an electrical and mechanical manager in Xiamen Xiashang Real Estate Co., Ltd. (廈門夏商房地產有限公司). From September 2008 to February 2011, he was the deputy general manager of engineering and development of Sino (Xiamen) Realty Development Co., Ltd. (信和(廈門)房地產發展有限公司). From February 2011 to March 2013, he worked as a project manager in China Resources Land (Xiamen) Co., Ltd. (華潤置地(廈門)有限公司). Mr. Wang obtained a bachelor's degree in engineering of water supply and drainage from Nanchang University (南昌大學) in the PRC in 1993 and a postgraduate certificate in business administration from Xiamen University (廈門大學) in the PRC in 2009. Mr. Wang holds the qualifications as a class A constructor (一級建造師執業資格) conferred by the Fujian Human Resources Bureau (福建省人事廳) in September 2007 and as a class A certified constructor (一級註冊建造師) conferred by the Ministry of Construction of the PRC (中華人民共和國建設部) in July 2010.

Mr. Hu Baoliang (胡寶亮), aged 44, joined the Group in January 2015 as the general manager of the audit and supervision center, which is primarily responsible for overseeing the internal audit, risk management and internal control of the Group. Mr. Hu has over 17 years of experience in accounting management and corporate governance. From June 2001 to July 2005, Mr. Hu worked in the Huanggang branch of China Telecommunications Corporation Limited, a company listed on the Stock Exchange (stock code: 728), where he was responsible for accounting and finance matters. From March 2007 to March 2010, he worked in the Guangzhou Branch of Shanghai Baima Transmission Industrial Co., Ltd. (上海白馬傳動工業有限公司廣州分公司), with his last position serving at the board office. He worked as a manager in the audit department of Guangdong Eastone Century Technology Co., Ltd. (廣東宜通世紀科技股份有限公司), a company listed on the Shenzhen Stock Exchange with stock code 300310, from November 2010 to August 2011, and a supervisor in the audit department of Guangzhou R&F Properties Co., Ltd., a company listed on the Stock Exchange (stock code: 2777), from September 2011 to September 2014. Mr. Hu obtained a bachelor's degree in economics with a major in accounting from Zhongnan University of Economics and Law (中南財經政法大學) in the PRC in June 1997. Mr. Hu is an accountant, a certified internal auditor and a senior auditor.

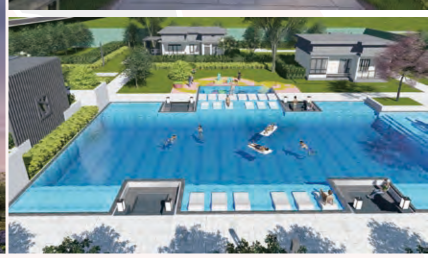
Ms. Zheng Zhiqin (鄭智琴), aged 46, joined the Group in May 2017 as the general manager of the cost control center, which is primarily responsible for the cost control management of the Group. Ms. Zheng has over 22 years of experience in cost and budget management with over 13 years of work experience in the PRC real estate industry. From July 1996 to November 2005, Ms. Zheng worked in China Electronics System Engineering Second Construction Co., Ltd. (中國電子系統工程第二建設有限公司), where she was responsible for price quotations and tendering management. From November 2005 to June 2013, she worked at Wuxi Forte Property Development Co., Ltd (無錫復地房地產開發有限公司), where she was later promoted as the director of the cost management department. From June 2013 to June 2016, she worked in Shanghai Shimao Co., Ltd. (上海世茂股份有限公司), a company established in the PRC with its shares listed on the Shanghai Stock Exchange (stock code: 600823) and a 58.92%-owned subsidiary of the Shimao Property Holdings Limited listed on the Stock Exchange (stock code: 813), where she was later promoted to the position of director of cost management. She was the deputy general manager of the cost department of Dahua (Group) Co., Ltd. (大華(集團)有限公司) from June 2016 to September 2016 and the deputy general manager of cost control center of Shanghai Powerlong Industrial Development Co., Ltd. (上海寶龍實業發展有限公司), a wholly-owned subsidiary of Powerlong Real Estate Holdings Limited listed on the Stock Exchange (stock code: 1238) from September 2016 to May 2017. Ms. Zheng obtained a bachelor's degree in industrial and civil engineering from Nanjing Construction Engineering College (南京建築工程學院) (now known as Nanjing Institute of Technology (南京工業大學)) in the PRC in July 1996. Ms. Zheng is an engineer and a certified budgeting specialist recognized by the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部) in September 2010.

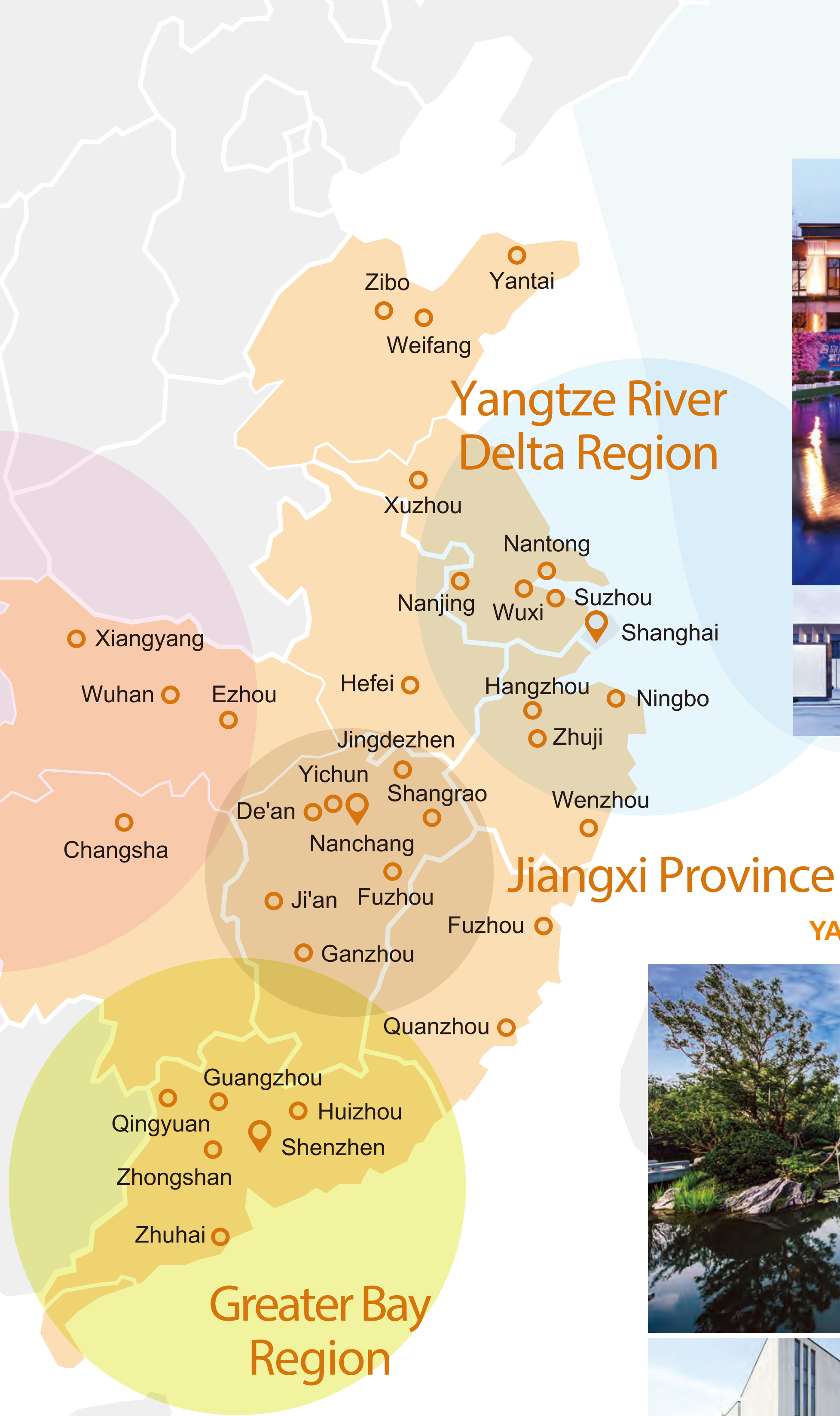
BUSINESS PORTFOLIO AND MAJOR PROPERTY PROJECTS

CENTRAL AND WESTERN CHINA CORE CITIES AND OTHER REGIONS WITH HIGH-GROWTH POTENTIAL

Central and Western China Core Cities and Other Regions with High-Growth Potential

GREATER BAY REGION





JIANGXI PROVINCE

YANGTZE RIVER DELTA REGION

BUSINESS PORTFOLIO AND MAJOR PROPERTY PROJECTS

During the Year, the major property projects of the Group that won certain awards include the following:

Huizhou Xi Yuan

Site Area	**23,891** m²
Attributable GFA	**44,570** m²
Unit Type	**90** m² with 3 bedrooms, 2 living rooms and 1 bathroom **106** m² with 3 bedrooms, 2 living rooms and 2 bathrooms
Architectural form: High-rise	

GEOGRAPHICAL ADVANTAGE

Huizhou Xi Yuan is located at the junction of Huiyang and Shenzhen about 3 kilometers away from Shenzhen, and is close to the Pingshan High-tech Zone. It enjoys favourable development in the Shenzhen Pilot Demonstration Zone and the Pingshan High-tech Zone with immeasurable prospects.

The project is close to the Danshui River landscape belt, surrounded by the municipal square and the Peninsula Park. The project is located about 5 kilometers away from the Shatian Station (under construction) of Shenzhen Metro Line 14 and about 7 kilometers away from the Huizhou South Station. The project is surrounded by Shenyang-Haikou Expressway, Huizhou-Daya Bay Expressway and Huizhou-Shenzhen Expressway, seamlessly connecting Shenzhen and offering its residents great convenience.

PROJECT HIGHLIGHTS

Huizhou Xi Yuan is located in the Baiyun New City, and at the intersection of Huiyang, Daya Bay and Pingshan New District of Shenzhen.

Sufficient and mature education, medical, shopping, and entertainment facilities are around the project, which is connected to two railways and three high-speed highways, creating a half-hour life circle between Shenzhen and Huizhou. The residence adopts a slab-type structure with good lighting, high permeability, strong privacy, and good vision. The houses are well decorated and fully furnished available for living anytime, saving time and effort.

The building adopts a modern and simple design style, which is practical, stylish and full of energy. The garden landscape is carefully carved, combined with the design of water features and slabs, using natural, simple, and meticulous design techniques to create beautiful north-south landscape lines, and strive to give customers a comfortable and pleasant living experience.

HONOR

Quality Real Estate of the Year of Huizhou Real Estate Ace in 2019

Yantai Long Wan	
Site Area	26,846㎡
Attributable GFA	75,042㎡
Unit Type	99/120/148㎡
Architectural form: Medium high-rise/high-rise and commercial space	

GEOGRAPHICAL ADVANTAGE

Yantai Long Wan project is located at the intersection of Huagong South Road and Zhiwei South No. 1 Street, Zhifu District, and the junction of Fushan District and Zhifu District. Passing through the Huangjinding Tunnel, it takes 10 minutes by car to reach the Ludong University business district, with convenient traffic as buses 46, 29, 43, 12, 18 pass by the project. There is a community kindergarten nearby, and Yantai No. 6 Middle School, Kanghe Xincheng Primary School. Yantai Long Wan is the first project of the Group in Yantai, integrating the essence of modern architecture and natural garden design, cleverly expanding the visual boundary of the building space, and creating a large-scale and rich real-life experience. The project incorporates international benchmarking project elements into its architectural design, landscape planning, building materials selection, and on-site craftsmanship.

PROJECT HIGHLIGHTS

Yantai Long Wan project is located in the Zhichu section with mature facilities, full of supporting facilities such as transportation, medical care, education, and commerce nearby. It is adjacent to mature communities and has a strong living atmosphere. The project offers mainly small three-bedroom and three-bedroom houses, with sophisticated interior decoration, comfortable living environment and beautiful landscape design, and is a high-quality residential project for owners with upgraded and ultra-rigid needs.

Yantai Long Wan, with mainly 98m^2-145m^2 3-bedroom houses, is delivered fully furnished. It is located at the intersection of the Huagong South Road and Zhiwei South No.1 Street. The project comprises of medium high-rise and high-rise, supported by a community kindergarten, Yantai No.6 Middle School, Kanghe Xincheng Primary School and about 6000m^2 community commercial streets. The greening rate is 30%.

HONOR

Sinic's services are mainly reflected in the Group's Sinic Services, which was established in 2011, and is a cutting-edge high-end refined property management service provider in China. In addition to conventional residential property services, the Group also actively develops professional services in areas such as property, emergency rescue services, professional water management, etc. It is well-known for its differentiated service areas. Sinic Services is one of the few domestic property management companies with cold and warm-season lawn planting and maintenance technology. It makes full use of the original terrain and vegetation conditions to create high-quality luxury landscapes, presenting the most beautiful lawns all year round.

In 2017, the Group won the honors of "China Leading Property Management Companies in Terms of Characteristic Service", "Expert in Maintenance of Exquisite Gardens and Landscapes (精緻園林景觀維護專家)", "Top 100 in Community Service in China (中國社區服務排第100)", "Top 10 in Community Service Providers and Customer Satisfaction (中國社區服務商•客戶滿意度10強)", and has been among China Top 100 real estate enterprises.

BUSINESS PORTFOLIO AND MAJOR PROPERTY PROJECTS

Chengdu Dong Yuan

Site Area	61,210㎡
Attributable GFA	123,656㎡
Unit Type	125㎡ with 3 bedrooms
	143㎡ with 4 bedrooms
	167㎡ with upper floors,
	167㎡ with lower floors

Architectural form:
Villa, medium high-rise

GEOGRAPHICAL ADVANTAGE

Chengdu Dong Yuan is located in Xinshuangnan high-end ecological residential area, surrounded by three parks, i.e. the Jiang'an River Ecological Wetland Park, the 220-mu Xingkong Park and a 20,000m² park developed by the Group.The project is intersected with Metro Line 17 (under construction, planned to operate in 2020) and Metro Line 19 (planned) at Jiujiang North Station. The project is about 400m from the station and about 900m from the mature commercial district of Vanke Life Plaza.

PROJECT HIGHLIGHTS

Chengdu Dong Yuan is close to a 20,000m² self-built park and is a high-end upgraded residential benchmark in the area. It is planned to build medium high-rise and stacked villa. The medium high-rise is a slab-type structure, transparent from south to north. The stacked villa is consisted of upper and lower floors, provided with large gift garden and terrace. The project is equipped with 9 healthy facilities, such as fresh air, floor heating, central air conditioning, direct drinking water system in the community and air detection screen.

HONOR

Eco-livable Real Estate of the year, Benchmark Real Estate of Ecological Villa Area, Highly Awaited Real Estate of 2019-2020, Urban Space • Regional Co-construction Case Award (城市空間•區域共建案列獎)

Wuxi Dibo Wan

Site Area	154,753㎡
Attributable GFA	111,595㎡
Unit Type	93-304㎡

Architectural form:
Medium high-rise, villa, stacked villa, commercial space

GEOGRAPHICAL ADVANTAGE

Wuxi Dibo Wan is located around the Shiba Bay of Taihu Lake, with unique mountain and lake views. As one of the four major segments in Binhu District, Hudai Shiba Bay is close to the original natural resources, rich in cultural resources. The project has sufficient facilities at the center of busy and prosperous city, and is connected by three-dimensional traffic network.

PROJECT HIGHLIGHTS

Wuxi Dibo Wan is the first project developed by Sinic Real Estate in Wuxi. It is a bay series masterpiece, with ingenuity and quality of historical essence. The project is located around the Shiba Bay of Taihu Lake, with unique mountain and lake views. As one of the four major segments in Binhu District, Hudai Shiba Bay is close to the original natural resources, rich in cultural resources. The project has sufficient facilities at the center of prosperous city, and is connected by three-dimensional traffics. Wuxi Dibo Wan is situated within the busy Hudai life circle to the west of Binhu District. With attentive property management, every owner is provided with 24/7 services from the heart with courtesy and dignity.

The project has a total planned site area of about 154,753m^2, and green coverage of around 40%, and can accommodate about 1,347 households. It is the first quality project created by the Group in Wuxi, being a high-end villa area most suitable for living due to low density, high greening coverage and traffic diversion.

BUSINESS PORTFOLIO AND MAJOR PROPERTY PROJECTS

Huizhou Sinic City

Site Area	**468,093**㎡
Attributable GFA	**757,048**㎡
Unit Type	**89**㎡, **108**㎡ **119**㎡, **136**㎡ **164**㎡, **177**㎡ **166**㎡

Architectural form:
High-rise residence, commercial space, stacked villa, villa

GEOGRAPHICAL ADVANTAGE

Huizhou Sinic City is located in the core luxury residential area of the new city in the east of Huizhou, adjacent to the Jiangbei CBD and east to the Jinshan Lake business district. The south side of the project is adjacent to the Airport Road leading directly to the Huizhou Airport and west to the Third Ring Road. It takes 15 minutes to cross the city from the project. The planned Huizhou Middle School nearby offering 0-18 year old education is within easy reach. The Luotangqu Park, Lujiangli Park, and Hubin Park are nearby Huizhou Sinic City, which is committed to creating an ecological habitat model. It has and is only 3 kilometers away from Huizhou's top medical facilities, including the Third People's Hospital, the Eastern New Town Central Hospital, and Traditional Chinese Medicine Hospital to protect the owners' health.

PROJECT HIGHLIGHTS

Huizhou Sinic City project is a top product of the mid-to-high-end "Yuan" Series under Sinic brand. The project has an independent and comprehensive business system. The project will create a community with low-density of 2.2, ultra high greening rate of 35%, and facilities for all ages. The project offers full-range products to create a high-end residential community group. The high-rise products are designed facing south, transparent and bright with clear functions. Villa products have independent entrance and ultra-wide building spacing to bring distinguished experience.

HONOR

1. Entered the top three list in terms of sales in Huicheng district within three months;

2. Ranked 36th in China and 1st in Huizhou in 2018 according to EH Research;

3. Ranked 1st in Huicheng in 2018 and 2019.

Huizhou Dibo Wan

Site Area	192,609㎡
Attributable GFA	281,909㎡
Unit Type	92-106㎡

Architectural form:
High-rise

GEOGRAPHICAL ADVANTAGE

Huizhou Dibo Wan is located in the dual-core section of Shenzhen and Huizhou, which represents the "bridgehead" absorbing demands inflowing from Shenzhen and benefits from great development. The facilities nearby are sophisticated, with large T PARK within easy reach, and supported by sufficient urban facilities such as Huihuan Primary School, Huihuan Middle School, and CITIC Hospital. The project is adjacent to several highways, such as "Chaozhou-Dongguan Expressway, Huizhou-Yantian Expressway, Dongguan-Huizhou Expressway, Ganzhou-Shenzhen Expressway (under construction)", Dongguan-Huizhou Intercity Line 2 (in operation), Ganzhou-Shenzhen High-speed Railway (reserved station). Such multi-dimensional transportation realizes rapid connection in the Shenzhen-Dongguan-Huizhou economic circle.

PROJECT HIGHLIGHTS

Huizhou Dibo Wan is located in the sophisticated area, Huizhou Zhongkai High-tech Zone. The project consists of 20 high-rise residences. Huizhou Dibo Wan classics real estate adhering to the "less is more" concept, creates a beautiful, low-density work with a plot ratio of only 2.5, which is rare in the region. In addition, Huizhou Dibo Wan is fully equipped with facilities of boutique stores, premium kindergarten, swimming pool and others. In the garden-like community, you can enjoy everything without leaving home.

HONOR

1. 2017 City Attitude List-Quality Real Estate;
2. 2018 Huizhou Real Estate Ace Selection- Popular Real Estate of the Year;
3. 2019 Huizhou New House Index Ranking-Top 10 Commented Project.

Chengdu Jade Wan

Site Area	29,503㎡
Attributable GFA	116,380㎡
Unit Type	79-86㎡ with 2 bedrooms
	86-99㎡ with 3 bedrooms
	110-119㎡ with 4 bedrooms, 2 living rooms and 2 bathrooms

Architectural form:
High-rise

GEOGRAPHICAL ADVANTAGE

Chengdu Jade Wan is located at the core of Qingbaijiang District, and at the intersection of Tonghua Avenue and Hongyang Road. The project is close to the Qingbaijiang exit of Chengmian Expressway, the Fenghuang Lake Wetland Park, and Meicheng Plaza, enjoying convenient transportation and sufficient facilities with strong atmosphere of living.

PROJECT HIGHLIGHTS

Chengdu Jade Wan is enclosed and consisted of six 11-18 storey elevator houses plus community merchants, all surrounding the atrium garden. Most of the buildings are laid out in a north-south direction, ensuring sunlight, ventilation and landscape effects. The garden landscape adopts a modern and natural ecological gardening style, with ginkgo, osmanthus, beech, purple magnolia, cherry blossom, camphor, osmanthus, plum, camellia and other precious tree species, all fully irrigated and transplanted, and matched according to different flowering and maturity periods.

There are children's recreation areas and leisure and fitness areas planned in the community.

HONOR

Leju Finance- most Awaited Real Estate in 2019, Lottery Assistant-Awaited Real Estate of the Year 2019.

Nanchang Dong Yuan

Site Area	**112,317** m²
Attributable GFA	**247,975** m²
Unit Type	**110, 116** m² with 3 bedrooms
	142 m² with 4 bedrooms
Architectural form: High-rise	

GEOGRAPHICAL ADVANTAGE

Jiulong Lake District is currently the core urban area with the most space development advantages and policy-oriented advantages in Nanchang. The government has invested approximately RMB100 billion to develop the district as the key area for Nanchang’s development and a well-deserved major area for urban development. In a word, the location advantage of Nanchang Dong Yuan is “centering in the region with natural resources”. Nanchang Dong Yuan is only about 5 minutes walk from the West Bus Station and the coach station. In addition, it is close to Huxing Mountain Wetland Park, the only large wetland park in the Jiulong Lake CBD area.

PROJECT HIGHLIGHTS

In Nanchang Dong Yuan, the maximum building spacing has reached 80m, with a greening rate nearly 40%, which is very high among high-rise communities. The plot ratio is only 2.09, close to that of a bungalow community. The community garden adopts a new Asian-style royal garden layout, same as that of Sinic Zhouyue, a top-level product of Sinic residential projects. The high-rise products are all our high-end custom-made decorated houses with 3 or 4 bedrooms. Middle-level households have achieved a fully transparent design, equipped with central air conditioning, floor heating, and fresh air systems, etc. Bath & toilet products are international first-tier brands, and wardrobes of master bedroom are covered by the Group's delivery standards.

HONOR

1. Awarded the 2017 China Nanchang Quality Real Estate by fang.com in 2017;
2. Awarded the Internet Focus Real Estate on the China Real Estate List in 2018;
3. Awarded the Model Real Estate of the Year on the China Real Estate List in 2018;
4. Awarded the Popular Real Estate of the Year in Nanchang by Sina Leju in 2018;
5. Won the Regional Quality Benchmarking Real Estate on the Jiangxi Real Estate Honor List in 2019;
6. Won the Best Real Estate Award in the Tenth Excellent Real Estate Selection in Nanchang in 2019;
7. Won the Real Estate Model selected by ifeng.com & house.ifeng in 2019;
8. Honored as the “2019 Epoch Project, Quality Luxury House”.

BUSINESS PORTFOLIO AND MAJOR PROPERTY PROJECTS

Nanchang Sinic City

Site Area	**247,862**㎡
Attributable GFA	**580,493**㎡
Unit Type	**90**㎡ with 3 bedrooms, 2 living rooms and 1 bathroom
	114㎡, **121**㎡ with 3 bedrooms, 2 living rooms and 2 bathrooms
	125㎡, **141**㎡ with 4 bedrooms, 2 living rooms and 2 bathrooms

Architectural form:
High-rise, bungalow, apartment

GEOGRAPHICAL ADVANTAGE

Nanchang Sinic City is close to the Jiulong Lake as an urban sub-center of Nanchang, conveniently connected to other regions. Various supporting facilities around the region have been gradually improved, such as West Railway Station, South China City, International Sports Centre, etc. The region can accommodate 500,000 people, and has become the focus of regional trade and exhibition.

PROJECT HIGHLIGHTS

Nanchang Sinic City is near to Yufeng Street Station (under construction) of Metro Line 4, connecting the old and new urban areas. It is close to the West Station of High-speed Railway, 320 National Highway, Changtong Expressway, and Fengsheng Expressway. Nanchang Sinic City is built as an ideal big community consisting of bungalows and high-rise comfortable residences. More ingeniously, it has developed 11 themed event spaces such as music jogging track, multi-functional fitness area, all-age activity area, reading room, swimming pool, and lifestyle modules such as fashion commercial street in the community, building a life-cycle city for owners.

HONOR

1. Won the "Best Planning and Design Award" of Nanchang Real Estate Association in 2019;

2. Awarded the Most Influential Real Estate in the Region on the 2019 China (Jiangxi) Real Estate Honor List;

3. Awarded the "Livable Jiangxi. Model Real Estate for Habitat" by Jiangxi Real Estate Association in 2019;

4. Awarded the 2019 Popular Real Estate of Nanchang by House.qq in 2019.

Nanchang Lan Wan

Site Area	**63,060**㎡
Attributable GFA	**134,554**㎡
Unit Type	**89, 109**㎡ with 3 bedrooms
Architectural form: Slab-type	

GEOGRAPHICAL ADVANTAGE

The window of Ganjiang New District, Nanchang Lan Wan is located at the intersection of Yingxiong Avenue and Huanggu Road, within the second ring of Nanchang. It is adjacent to the national new district Ganjiang New District in the north. You can take Huanggulu Line 1 directly to Honggutan in 10 minutes, and drive along Fengsheng Expressway in the west to other parts of the city. Changbei Avenue Station of Metro Line 1 extended section (planned to be built) is only about 800 meters away from the project.

PROJECT HIGHLIGHTS

Nanchang Lan Wan leads the Ganjiang New District with magnificence. It locates close to the university town to enjoy campus atmosphere and is connected to the extension station of Line 1 at a short distance. The project is adjacent to the Honggutan New District, bringing a better life with five landscape gardens, facilities for children and quality decoration and property services.

HONOR

1. Awarded the 2019 Regional Most Cost-effective Real Estate by Jiangxi Real Estate Association;

2. Won the 2019 Best Residential House Type Award from Nanchang Real Estate Industry Association;

3. Awarded the 2017-2018 Innovative Real Estate by fang.com Annual Big Data for Global Institutions （房天下全球機構年度大數據創新力樓盤）.

LAND BANK SUMMARY

Project	City	Equity percentage	Attributable GFA (sq.m.)
Jiangxi Province			**4,992,621**
Shangrao Dibo Wan	Shangrao	33%	48,726
Fengcheng Dibo Wan	Yichun	100%	43,228
Nanchang Dong Yuan	Nanchang	100%	247,975
Nanchang Jiulong Lake 144 Mu	Nanchang	50%	104,618
Nanchang Park No. 1	Nanchang	100%	113,348
Nanchang Gongyuan Tianxia	Nanchang	40%	88,118
Nanchang He Yuan	Nanchang	19%	17,955
Nanchang Waitan No. 9	Nanchang	50%	43,565
Nanchang Dibo Wan	Nanchang	100%	73,562
Nanchang Hongyang Fu	Nanchang	51%	48,703
Nanchang Yi Yuan	Nanchang	60%	28,569
Nanchang Yuelong Fu	Nanchang	25%	19,676
Nanchang Yujing Wan Duhui	Nanchang	70%	172,910
Nanchang Sinic Center	Nanchang	100%	31,657
Nanchang Sinic City	Nanchang	100%	580,493
Nanchang Times Square	Nanchang	100%	503,531
Nanchang Xingtang Wan	Nanchang	51%	47,095
Nanchang Rong Yuan	Nanchang	100%	48,673
Nanchang Tang Yue	Nanchang	50%	41,987
Nanchang Jiang Yue	Nanchang	100%	43,712
Nanchang Hongda Project	Nanchang	25%	55,447
Nanchang Wo Yuan	Nanchang	100%	144,374
Nanchang Lan Wan	Nanchang	100%	134,554
Nangchang Linglong Fu	Nanchang	27%	4,907
Nanchang Amber Yuan	Nanchang	100%	160,301
Nanchang Xi Yuan	Nanchang	100%	254,118
Nanchang Zhen Yuan	Nanchang	50%	270,061
Nanchang Xianghu Wan	Nanchang	20%	45,080
Nanchang Jinsha Wan	Nanchang	100%	39,223
Nanchang Yulong Wan	Nanchang	51%	11,818
Nanchang Bo Yuan	Nanchang	100%	20,344
Nanchang Yinhu Wan	Nanchang	100%	73,816
Nanchang Jin Yuan	Nanchang	100%	107,476
Nanchang Jinyao Fu	Nanchang	60%	153,661
Nanchang Jinrui Yuan	Nanchang	100%	70,146
Nanchang Ya Yuan Zhou Yue	Nanchang	100%	33,528
Nanchang Qingyun Fu	Nanchang	18%	24,343
Nanchang Qinglan Wan	Nanchang	100%	548
Nanchang Hongyuan	Nanchang	100%	84,660
Nanchang Long Wan	Nanchang	100%	198,290
Ji'an Dibo Wan	Ji'an	100%	117,516
De'an Dibo Wan	De'an	50%	72,207
Fuzhou Yujing Wan	Fuzhou	66%	60,774
Jingdezhen Dibo Wan	Jingdezhen	95%	101,792
Ganzhou Dibo Wan Phase I	Ganzhou	100%	162,841
Ganzhou Dibo Wan Phase II	Ganzhou	100%	126,062
Ganzhou Yinhu Wan	Ganzhou	100%	116,633
Greater Bay Region			**4,901,717**
Zhongshan Dibo Wan	Zhongshan	30%	15,057
Zhongshan Feicui Wan	Zhongshan	100%	88,999
Guangzhou Zengcheng Project	Guangzhou	50%	128,778
Guangzhou Amber Yuan	Guangzhou	100%	104,273
Huizhou Upper Yuan	Huizhou	100%	92,548
Huizhou Dong Yuan	Huizhou	100%	53,204
Huizhou Nanzhan Xincheng	Huizhou	100%	1,549,936
Huizhou Dibo Wan	Huizhou	100%	281,909
Huizhou Zhenbang	Huizhou	100%	666,100
Huizhou Sinic City	Huizhou	100%	757,048
Huizhou Xi Yuan	Huizhou	100%	44,570
Huizhou Long Wan	Huizhou	49%	52,250
Huizhou Amber Yuan	Huizhou	75%	63,565

Project	City	Equity percentage	Attributable GFA (sq.m.)
Huizhou Rui Yuan	Huizhou	100%	153,353
Huizhou Shengyuan Xiangshanju	Huizhou	100%	1,453
Huizhou Lan Wan	Huizhou	100%	59,343
Huizhou Yulong Wan	Huizhou	100%	107,568
Huizhou Ya Yuan	Huizhou	100%	68,656
Huizhou Gaoling Village	Huizhou	100%	207,076
Shenzhen Hebaowei Project	Shenzhen	51%	129,709
Qingyuan Feicui Wan	Qingyuan	100%	69,599
Qingyuan Long Wan	Qingyuan	32%	26,478
Zhuhai Dibo Wan	Zhuhai	100%	180,245
Yangtze River Delta Region			**2,605,082**
Shanghai Jiading Anting Project	Shanghai	49%	58,946
Yuhang Zhongci Healthy Town	Hangzhou	51%	31,602
Nanjing Jiangning 110 Mu	Nanjing	34%	49,843
Nantong Haimen South 112 Mu	Nantong	33%	36,527
Hefei Luljiang Gaoxin 242 Mu	Hefei	50%	156,353
Hefei Xinzhan 102 Mu Project	Hefei	70%	93,261
Hefei Yaohai 49.6 Mu Project	Hefei	100%	61,971
Xuzhou Xincheng Xinyuan Avenue East 135 Mu	Xuzhou	30%	62,086
Cixi Dibo Wan	Ningbo	100%	39,135
Wuxi Dibo Wan	Wuxi	100%	111,595
Wuxi Binhu 219 Mu	Wuxi	55%	78,512
Wuxi Binhu Hudai Qianhu Road South 120 Mu Project	Wuxi	100%	252,901
Kunshan Central Park	Suzhou	100%	55,241
Kunshan Liu'an Chunfeng	Suzhou	100%	201,359
Kunshan Chenghu Yard No. 1	Suzhou	100%	95,924
Wenzhou Yueqing Downtown 24 Mu	Wenzhou	51%	20,744
Rui’an Dibo Wan	Wenzhou	100%	65,063
Suzhou Taoyuanli	Suzhou	100%	477,857
Suzhou Xiangcheng 71 Mu	Suzhou	50%	51,728
Suzhou Bo Yuan	Suzhou	70%	141,727
Zhuji Dibo Wan	Zhuji	100%	462,707
Central and Western China Core Cities and Other Regions with High-Growth Potential			**2,588,017**
Anxi Dibo Wan	Quanzhou	20%	25,694
Chengdu Shuangliu Dongsheng 40 Mu	Chengdu	100%	53,621
Chengdu Shuangliu 29.69 Mu Project	Chengdu	33%	9,869
Chengdu Shuangliu 92 Mu Project	Chengdu	100%	123,656
Chengdu Qingyang Kuaihuo 36 Mu	Chengdu	100%	48,496
Chengdu Amber Yuan	Chengdu	100%	40,734
Chengdu Feicui Wan	Chengdu	100%	116,380
Wuhan Sinic City	Wuhan	51%	256,678
Wuhan Zhenghe Project	Wuhan	100%	322,500
Wuhan Amber Yuan	Wuhan	70%	5,196
Wuhan Jingsha Wan	Wuhan	100%	106,399
Wuhan Ya Yuan K5 Parcel	Wuhan	51%	77,727
Zibo Zijiangfu	Zibo	20%	27,943
Weifang Dibo Wan	Weifang	60%	48,456
Weifang Dibo Wan Phase II	Weifang	60%	29,344
Yantai Zhifu Huagong Road 40 Mu	Yantai	90%	75,042
Fuzhou Pingtan Tancheng 32 Mu Project	Fuzhou	48%	26,201
Fuzhou Pingtan Pilot Region 73 Mu Project	Fuzhou	48%	67,416
Zigong Dibo Wan	Zigong	65%	122,714
Xiangyang Xiangzhou 140.77 Mu	Xiangyang	50%	113,896
Ezhou Longwan	Ezhou	49%	144,651
Changsha Dibo Wan	Changsha	99%	72,843
Changsha Amber Yuan	Changsha	94%	110,823
Changsha Zi Yuan	Changsha	99%	111,988
Changsha Yulong Wan	Changsha	99%	187,285
Changsha Bo Yuan	Changsha	100%	262,465
Total			**15,087,437**

AWARDS

- Sinic Real Estate was awarded "Enterprise of the Era" at the 6th ifeng.com Global Chinese Real Estate Fashion Ceremony in 2019
- Huizhou·Sinic City was awarded "Project of the Era" at the 6th ifeng.com Global Chinese Real Estate Fashion Ceremony in 2019
- Sinic Real Estate Group Co., Ltd. ranked the 31st in 2019 China's Top 100 Real Estate Enterprises
- 2019 China Characteristic Properties Outstanding Operation Enterprises — Ecological Properties — Sinic Real Estate Group Co., Ltd.
- 2019 China's Top 100 Real Estate Developers – Growth TOP 10
- Ranked 39th in 2019 China's Top 50 Real Estate Developers
- China City Clusters (Jiangxi) Development Strategy Summit on 21 March 2019 — Model Enterprise of Regional Economic Driver
- 2019 Campus Recruitment Model Award

- Chinese Brand Accomplish Brand China, Chinese Brand Construction Forum 2019 Summit — Best Innovative Brand

- 2019 (16th) Blue Chip Real Estate Enterprise — Sinic Real Estate Group

- NO. 38 of China's TOP 100 Real Estate Enterprises, Brand Value

- Standing Director Unit/ Standing Director of China Real Estate Industry Association

- Gold Brick Award — 2019 Real Estate Enterprise with Comprehensive Strength — Sinic Real Estate Group Co., Ltd.

- Boao Real Estate Forum China Real Estate Fengshang Prize — 2019 China's TOP30 Investment Value Real Estate Enterprise — Sinic Real Estate Group Co., Ltd.

- 2019 China's TOP 40 Real Estate Enterprises, Brand Value — Sinic Real Estate

- 2019 China's TOP30 Real Estate Enterprises, Comprehensive Strength — Sinic Real Estate (ranked 29th); 2019 China's TOP 20 Real Estate Enterprises, Growth; 2019 China's Top 20 Non-listed Enterprises, Capital Concern; 2019 China's TOP 10 Real Estate Enterprises, Central Competitiveness

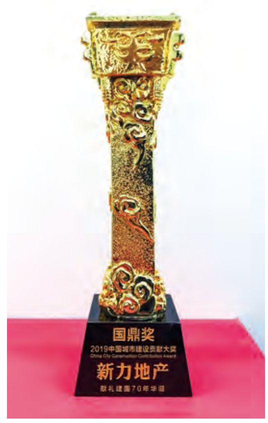
- The 14th Gold Property Award, Best Pre-sale Property Award Nanchang Sinic· Jiang Yue, Nanchang Sinic City, Nanchang Sinic Shuitou·Jinyao Fu, Nanchang Sinic· Hongyang Fu Appraisal Agency: Gold Property Real Estate Development Platform

- Sinic Real Estate won the "2019 China's Good Life Special Contribution Enterprise Award"

- Sinic Services was Granted the "2019 Best Property Management Operator"

- 2019 Top 50 Yangtze River Delta Integration Real Estate Enterprises with Development Potential — Sinic

- Guoding Award 2019 China City Construction Contribution Award—Sinic Real Estate



- Sinic Services Won the "2019 Top 500 Property Services Enterprises, Comprehensive Strength", "2019 Property Services Growth Leading Enterprise"

- 2019 China Business Growth Enterprise Award

AWARDS

- 2019 Craftsmanship Quality Property — Nanchang Sinic·Shuitou·Jinyao Fu

- 2019 Golden Competitiveness Award in Guangdong-Hong Kong-Macao Greater Bay Area--Sinic Real Estate

- 2019 Jinling Award — 2019 Product Competitiveness Mansion

- 2019 Jinling Award — 2019 Real Estate Enterprises with Investment Value

- China's Listed Real Estate Enterprise Operation Capability Award — Sinic Holdings
- 2019 Golden Hong Kong Stocks The Most Popular New Stock Company — Sinic Holdings 02103.HK

- 2019 China's Real Estate Enterprises Award, Steady Business Operation — Sinic Holdings

- China's Golden Building Award — 2019 Most Influential Real Estate Enterprise

- China's Golden Building Award — 2019 Listed Real Estate Company with Best Investment Value

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Directors recognize the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability. The Company has adopted the code provisions stated in the Corporate Governance Code contained in Appendix 14 to the Listing Rules since the Listing. The Company is committed to the view that the Board should include a balanced composition of executive Directors and independent non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgment.

Except for the deviation from Corporate Governance Code provision A.2.1, the Group's corporate governance practices are in compliance with the Corporate Governance Code since the Listing and up to 31 December 2019. Corporate Governance Code provision A.2.1 stipulates that the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Zhang was the chairman of the Board and the CEO during the year 31 December 2019. In view of the fact that Mr. Zhang had been assuming day-to-day responsibilities in operating and managing the Group since its establishment, the Board believes that it is in the best interest of the Group to have Mr. Zhang taking up both roles for effective management and business development. Therefore, the Directors consider that the deviation from Corporate Governance Code provision A.2.1 is appropriate in such circumstance. Notwithstanding the above, the Board is of the view that this management structure is effective for the Group's operations and sufficient checks and balances are in place.

BOARD OF DIRECTORS

Board composition

As at the date of this report, the Board consists of four executive Directors, namely Mr. Zhang Yuanlin (co-chairman of the Board), Mr. Chen Kai (co-chairman of the Board), Mr. She Runting and Ms. Tu Jing, and three independent non-executive Directors, namely Mr. Tam Chi Choi, Mr. Au Yeung Po Fung and Mr. Liu Xin. An updated list of the Directors and their roles and functions is published on the websites of the Stock Exchange and of the Company, respectively. Their names and biographical details are set out in the "Biographies of Directors and senior management" section of this report. The overall management and supervision of the Company's operation and the function of formulating overall business strategies were vested in the Board. There is no financial, business, family or other material relationships among members of the Board.

During the the period from the Listing Date to 31 December 2019, the Board has at all times met the requirements of Rules 3.10(1) and (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. The three independent non-executive Directors represent more than one-third of the Board, complying with the requirement under Rule 3.10A of the Listing Rules whereby independent non-executive directors of a listed issuer must represent at least one-third of the board. The Board believes there is sufficient independence element in the Board to safeguard the interest of Shareholders.

Directors' responsibilities

The Board takes the responsibility to oversee all major matters of the Company, including the formulation and approval of all policy matters, overall strategies, internal control and risk management systems, and monitor the performance of the senior executives. The Directors have to make decisions objectively in the interests of the Company. As at the date of this report, the Board comprised seven Directors, including four executive Directors and three independent non-executive Directors. Names and biographical details are set out in the "Biographies of Directors and senior management" section of this report.

Liability insurance for Directors and senior management of the Company is maintained by the Company with appropriate coverage for certain legal liabilities which may arise in the course of performing their duties.

Delegation by the Board

The management, consisting of executive Directors along with other senior executives, is delegated with responsibilities for implementing the strategy and direction as adopted by the Board from time to time, and conducting the day-to-day management and operations of the Group. Executive Directors and senior executives meet regularly to review the performance of the businesses of the Group as a whole, co-ordinate overall resources and make financial and operational decisions. The Board also gives clear directions as to their powers of management including circumstances where management should report back, and will review the delegation arrangements on a periodic basis to ensure that they remain appropriate to the needs of the Group.

Directors' responsibilities for financial statements

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group in accordance with statutory requirements and applicable accounting standards. The Directors also acknowledge their responsibilities to ensure that the consolidated financial statements of the Group are published in a timely manner. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the consolidated financial statements of the Group on a going concern basis.

Independent non-executive Directors

The independent non-executive Directors play a significant role in the Board by virtue of their independent judgment and their views carry significant weight in the Board's decision. The functions of independent non-executive Directors include bringing an impartial view and judgment on issues of the Company's strategies, performance and control; and scrutinizing the Company's performance and monitoring performance reporting.

All independent non-executive Directors possess extensive academic, professional and industry expertise and management experience and have made positive contributions to the development of the Company through providing their professional advice to the Board.

All independent non-executive Directors are appointed for a term of three years.

Confirmation of independence

The independence of the independent non-executive Directors has been assessed in accordance with the applicable Listing Rules and each of the independent non-executive Directors has provided an annual written confirmation of independence to the Company pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors meet the guidelines for assessing independence set out in Rule 3.13 of the Listing Rules and are independent.

Board diversity policy

The Board has adopted a board diversity policy which sets out the approach to achieve diversity on the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in supporting the attainment of the Company's strategic objectives and sustainable development. The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard to the benefits of diversity on the Board.

As of the date of this report, the Board comprises seven members, including one female executive Director. The Directors also have a balanced mix of knowledge, skills and experience, including property development, overall business management, finance and investment. They obtained degrees in various majors including business administration, civil engineering, international finance, physics, accounting and law. The Board has three independent non-executive Directors with different industry backgrounds, representing more than one-third of the Board members. Furthermore, the Board has a wide range of age, ranging from 31 years old to 55 years old. The Company has taken and will continue to take steps to promote gender diversity at all levels of the Group, including but without limitation at the Board and senior management levels. Taking into account the business model of the Group and its specific needs as well as the presence of one female Director out of a total of seven Board members, the Directors consider that the composition of the Board satisfies the board diversity policy.

With regards to gender diversity on the Board, the board diversity policy further provides that the Board shall take opportunities to increase the proportion of female members over time when selecting and making recommendations on suitable candidates for Board appointments. The Group will also ensure that there is gender diversity when recruiting staff at mid to senior level so that it will have a pipeline of female senior management and potential successors to the Board going forward. It is the objective of the Company to maintain an appropriate balance of gender diversity with reference to the stakeholders' expectation and international and local recommended best practices.

The nomination committee of the Company is responsible for ensuring the diversity of the Board members and compliance with relevant codes governing board diversity under the Listing Rules. The nomination committee of the Company will review the board diversity policy and its diversity profile from time to time to ensure its continued effectiveness.

Appointment, re-election and removal of Directors

Each of the executive Directors and independent non-executive Directors has entered into a service contract or a letter of appointment with the Company for a specific term. Such term is subject to his/her retirement by rotation and re-election at an annual general meeting of the Company in accordance with the Articles of Association. The Articles of Association provide that any Director appointed by the Board to fill a casual vacancy in the Board or as an additional member of the Board shall hold office only until the next following annual general meeting and shall then be eligible for re-election at such meeting.

In accordance with the Articles of Association, at each annual general meeting of the Company, one-third of the Directors for the time being, shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The members of the Company may, at any general meetings convened and held in accordance with the Articles of Association, by ordinary resolution remove a Director at any time before the expiration of his/her period of office notwithstanding anything to the contrary in the Articles of Association or in any agreement between the Company and such Director (but without prejudice to any claim for damages under any such agreement).

Directors' training and professional development

Every newly appointed Director has been given a comprehensive, formal and tailored induction on appointment. Subsequently, the Directors will receive updates on the Listing Rules, legal and other regulatory requirements and the latest development of the Group's business and are encouraged to participate in continuous professional development to develop their knowledge and skills. During the year ended 31 December 2019 and prior to the Listing, all of the Directors, namely, Mr. Zhang, Mr. She Runting, Ms. Tu Jing, Mr. Tam Chi Choi, Mr. Au Yeung Po Fung, and Mr. Liu Xin participated in a training session conducted by Sidley Austin, the legal adviser of the Company as to Hong Kong law, on directors' duties, responsibilities and obligations under the Listing Rules and the SFO.

The Company will arrange regular seminars to provide Directors with updates on latest development and changes in the Listing Rules and other relevant legal and regulatory requirements 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. Pursuant to the requirements of the code provisions set out in the Corporate Governance Code, all Directors have provided the Company with records of the training they received to ensure that their contributions to the Board remain informed and relevant.

Board meetings

The Board meets regularly to discuss and formulate the overall strategy as well as the operation and financial performance of the Group. Directors may participate either in person or through electronic means of communications. The Board holds at least four meetings a year at approximately quarterly intervals. Additional meetings would be arranged, if and when required. The date of each meeting is decided in advance to enable the Directors to attend the meeting in person.

During the period from the Listing Date up to 31 December 2019, the Directors have made active contribution to the affairs of the Group and two board meetings were held to consider, among other things, various transactions contemplated by the Group. According to article 100(1) of the Articles of Association, a Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his close associates is materially interested.

Attendance record of Directors

The attendance record of Directors at the Board meetings held since the Listing Date up to 31 December 2019 is set out below:

Directors	Number of Board meetings attended/ Number of Board meetings held
Executive Directors	
Mr. Zhang Yuanlin	2/2
Mr. She Runting	2/2
Ms. Tu Jing	2/2
Independent non-executive Directors	
Mr. Tam Chi Choi	2/2
Mr. Au Yeung Po Fung	2/2
Mr. Liu Xin	2/2

There was no general meeting held from the Listing Date up to 31 December 2019.

Nomination policy

The nomination committee of the Company utilizes various methods for identifying candidates for directorship, including recommendations from Board members, management, and professional search firms. In addition, the nomination committee of the Company will consider candidates for directorship properly submitted by the Shareholders. The evaluation of candidates for directorship by the nomination committee of the Company may include, without limitation, review of resume and job history, personal interviews, verification of professional and personal references and performance of background checks. The Board will consider the recommendations of the nomination committee of the Company and is responsible for designating the candidates for directorship to be considered by the Shareholders for their election at the general meeting of the Company, or appointing the suitable candidate to act as Director to fill the Board vacancies or as an additional to the Board members, subject to compliance of the constitutional documents of the Company. All appointments of Director should be confirmed by letter of appointment and/or service contract setting out the key terms and conditions of the appointment of Directors.

The nomination committee of the Company should consider the following qualifications as a minimum to be required for a candidate in recommending to the Board to be a potential new Director, or the continued service of existing Director:

- the highest personal and professional ethics and integrity;
- proven achievement and competence in the nominee's field and the ability to exercise sound business judgment;
- skills that are complementary to those of the existing Board;
- the ability to assist and support management and make significant contributions to the Company's success;
- an understanding of the fiduciary responsibilities that is required for a member of the Board and the commitment of time and energy necessary to diligently carry out those responsibilities;
- independence: the candidates for independent non-executive directorship should meet the "independence" criteria as required under the Listing Rules and the composition of the Board is in conformity with the provisions of the Listing Rules.

The nomination committee of the Company may also consider such other factors as it may deem are in the best interests of the Company and the Shareholders as a whole.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the guidelines for the Directors' dealings in the securities of the Company since the Listing and, upon specific enquiries of all the Directors, each of them has confirmed that he/she complied with all applicable code provisions under the Model Code since the Listing and up to 31 December 2019.

As required by the Company, relevant officers and employees of the Company are also bound by the Model Code, which prohibits them to deal in securities of the Company at any time when he/she possesses inside information in relation to those securities. No incident of non-compliance of the Model Code by the relevant officers and employees was noted by the Company.

REMUNERATION PAYABLE TO MEMBERS OF SENIOR MANAGEMENT

Pursuant to code provision B.1.5 of the Corporate Governance Code, the annual remuneration of members of the senior management (other than Directors) by band for the year ended 31 December 2019 is set out below:

	Number of members of senior management
Nil to RMB1,000,000	–
RMB1,000,001 to RMB1,500,000	–
RMB1,500,001 to RMB2,000,000	4
RMB2,000,001 to RMB2,500,000	–
	4

DIVIDEND POLICY

The Company has adopted a dividend policy, pursuant to which the Company may, at its discretion, declare and distribute dividends to the Shareholders. In deciding whether to propose a dividend and in determining the dividend amount, the Board would take into account, inter alia, the Group's earnings, cash flow, financial condition, capital requirements, statutory fund reserve requirements and any other conditions that the Board may consider relevant. Whilst the Board will review from time to time for determination on proposed dividend with the above factors taken into account, there can be no assurance that dividends will be declared or paid in any particular amount for any given period.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance duties including:

- to develop and review the Company's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- to review the Company's compliance with Appendix 14 to the Listing Rules (Corporate Governance Code and Corporate Governance Report).

The Board had performed the above duties during the year ended 31 December 2019.

BOARD COMMITTEES

The Board has established three committees with specific written terms of reference to oversee particular aspects of the Group's affairs.

Audit Committee

The Company established the Audit Committee in compliance with Rules 3.21 to 3.23 of the Listing Rules with written terms of reference in compliance with the Corporate Governance Code on 15 October 2019. The primary duties of the Audit Committee are to review, and monitor the financial reporting process and internal control system and assist the Board to fulfill its responsibility over the audit. The Audit Committee is also responsible for performing the corporate governance duties including:

- to develop and review the Company's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- to review the Company's compliance with Appendix 14 to the Listing Rules (Corporate Governance Code and Corporate Governance Report).

The Audit Committee consists of three independent non-executive Directors, namely Mr. Tam Chi Choi (the chairman of the Audit Committee), Mr. Au Yeung Po Fung and Mr. Liu Xin. In compliance with Rule 3.21 of the Listing Rules, the chairman of the Audit Committee possesses the appropriate professional and accounting qualifications.

As the Company was listed on 15 November 2019, the Audit Committee did not hold any meeting during the year ended 31 December 2019. One Audit Committee meeting was held in 2020 to consider the independence and audit scope of independent auditor, and to review and discuss the risk management and internal control systems and financial reporting matters, the effectiveness of the Company's internal audit and risk control function, the Company's compliance with Appendix 14 to the Listing Rules, review the Company's policies and practices on compliance with legal and regulatory requirements, review the training and continuous professional development of Directors and senior management, consolidated annual financial statements of the Group and the opinion and report of independent auditor before reporting and submitting to the Board for their approval.

Remuneration committee

The Company established the remuneration committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules on 15 October 2019. The remuneration committee of the Company reviews and recommends to the Board the remuneration and other benefits paid by the Group to its Directors and senior management. The remuneration of Directors and senior management is determined with reference to the skills and knowledge of the Directors and senior management, their job responsibilities and level of involvement in the Group's affairs, the performance and profitability as well as remuneration benchmark in the industry and the prevailing market conditions. Remuneration comprises basic salaries and allowances, bonus, equity-settled share based payments and retirement benefit contributions. The remuneration of all of the Directors and senior management is subject to regular monitoring by the remuneration committee to ensure that levels of their remuneration and compensation are appropriate.

The remuneration committee of the Company consists of four members, three of whom are independent non-executive Directors. The four members are Mr. Au Yeung Po Fung (the chairman of the remuneration committee), Mr. Zhang Yuanlin, Mr. Tam Chi Choi and Mr. Liu Xin.

As the Company was listed on 15 November 2019, the remuneration committee of the Company did not hold any meeting during the year ended 31 December 2019. It held two meetings in 2020 to review the remuneration structure of the Directors and senior management of the Group and appraisal system of the key positions of the Group, discuss the challenges of attracting and retaining senior level staff of the Company, and make recommendations on the remuneration packages of the executive Directors and senior management for 2019; and reviewing the remuneration packages of candidates to be appointed as new Directors and make recommendation to the Board for approval.

Nomination Committee

The Company established the nomination committee with written terms of reference in compliance with Appendix 14 to the Listing Rules on 15 October 2019. The primary responsibilities of the nomination committee of the Company are to consider and recommend to the Board suitable and qualified candidates of Directors and to review the structure, size and composition of the Board and the board diversity policy adopted by the Company on a regular basis.

The nomination committee of the Company consists of four members, three of whom are independent non-executive Directors. The four members are Mr. Zhang Yuanlin (the chairman of the nomination committee), Mr. Liu Xin, Mr. Tam Chi Choi and Mr. Au Yeung Po Fung.

As the Company was listed on 15 November 2019, the nomination committee of the Company did not hold any meeting during the year ended 31 December 2019. It held two meetings in 2020 to review the composition of the Board and its committees as well as the background and experiences of the Board members and evaluate the contributions of the Board members to diversity of the Board and make recommendation to the Board on the re-appointment of Directors, appointment of new Director and assess the independence of independent non-executive Directors; and to review the Board diversity policy.

FINANCIAL REPORTING SYSTEM, RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

Financial reporting system

The Board, supported by the finance department, is responsible for the preparation of the financial statements of the Company and the Group. In preparation of the financial statements, International Financial Reporting Standards have been adopted and the appropriate accounting policies have been consistently used and applied. The Board aims to present a clear and balanced assessment of the Group's performance in the annual and interim reports to the Shareholders, and make appropriate disclosure and announcements in a timely manner. Pursuant to code provision C.1.1 of the Corporate Governance Code, management would provide such explanation and information to the Board as will enable the Board to make an informed assessment of the financial and other information put before the Board for approval.

The work scope and reporting responsibilities of Ernst and Young, the Company's external auditor, are set out in the "Independent Auditor's Report" of this report.

Risk management and internal control system

The Board and senior management are responsible for establishment, review and implementation of the risk management and internal control systems of the Group. The Board acknowledges its overall responsibility for maintaining an adequate and effective risk management and internal control systems of the Group on an ongoing basis and reviewing their effectiveness at least annually. The internal control system covers all major aspects of the Group's operations, including, among others, property development, property sales, investment property management, procurement, financial reporting, asset management, budgeting and accounting processes. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Group also has set up an audit and supervision center to advise the executive Directors and senior management regarding the risk control and compliance issues arising from the day-to-day business operations of the PRC subsidiaries. The audit and supervisor center consisted of members from three departments, namely internal control audit department, construction audit department and anti-corruption supervision department, and is led by the general manager of the audit and supervision center. The Board considers that the current composition of the internal control team offers the expertise to provide a risk assessment of key areas of concern, such as strategy, operations, finance and compliance, to the Board and assists the Board to effectively plan and manage the operations of the Group's overall business. The internal control team provides progress, supervision and non-compliance updates in the monthly meeting held by audit and supervision center or reports regulatory and compliance-related matters directly to the general manager of the audit and supervision center who then reports to the Board.

With respect to the Group's risk management and internal control measures, the Group has a set of comprehensive policies and guidelines which set out details regarding the internal control standards, segregation of responsibilities, approval procedures and personnel accountability in each aspect. The Group also carries out regular internal assessments and training to ensure its employees are equipped with sufficient knowledge on such policies and guidelines. The Board believes that risk management is crucial to the success of any property developer in the PRC. Key operational risks that the Group face include changes in PRC political and economic conditions, changes in the PRC regulatory environment, availability of suitable land sites for developments at reasonable prices, availability of financing to support its developments, ability to complete its development projects on time and competition from other property developers. In managing its risks, the Group has established the following measures:

- The Board and management of the Group are responsible for determining the overall business and investment plans, preparing the annual financial budgets and final reports and formulating proposals for profit distributions, and is in charge of the overall risk control of the Group;

- The Group's final site selection decisions are made by its strategic investment center, management at the Group level and chairman of the Board. The responsible persons are specifically tasked with the review and approval decisions of such business development;

- The financial management center and strategic investment center of the Group are primarily responsible for the management of the liquidity risks. The responsible persons employ, among others, the following measures to manage the relevant risks: (i) maintaining systematic records of cash inflows and outflows at the Group level; (ii) preparing reports on a weekly or a monthly basis which identifies and addresses the potential issues and potential solutions in short-term cash flow, which are reviewed by the chief officers of the financial management center who then make recommendations to treasury director of financial management center about available actions to address the issues; and (iii) reviewing financial results for compliance against certain targets to ensure maintenance of sufficient level of cash on hand for short and long-term and report to the responsible persons at the Group level if there are any significant changes in the borrowing and investment activities;

- The Group's strategic investment center continues to monitor the financial condition of the entities in which the Group invests, including performing analysis and making financial forecasts on the periodic financial statements of the entity (if any), engaging professional third parties to conduct industrial research on the entity (if relevant changes are noted from the financial information of the entity), and reviewing other relevant information to evaluate the liquidity risks with respect to the Group's long-term debt investments. In addition, the strategic investment center is required to involve and obtain inputs from the legal affairs management center with respect to any investment plan. The legal affairs management center is responsible for evaluating the investment plan from the legal perspective and updating the internal departments if there are relevant changes to the applicable laws relating to investment and financing. The strategic investment management center is then responsible for providing training to the relevant staff to ensure that they have updated knowledge and understanding of the requirements under the applicable PRC law. The Group's strategic investment center works with the audit supervision center to report to the responsible persons at the Group level on a quarterly basis. The legal affairs management center can also report directly to the management at the Group level for any legal risks it detects;

- The Group adopted a series of measures to prevent the occurrence of using potentially misleading names in marketing its property projects. Specifically, the Group put into place detailed procedures to ensure that the marketing names used for its property projects are accurate. Before the commencement of construction, the investment department personnel of the relevant city company conducts name searches of the property projects near the relevant property project, and submits the information to other departments at the city company for internal evaluation. The managers of various departments and the general manager of the relevant city company use such information and their own research and knowledge to decide on the proposed name, before submitting the same for approval by, among others, the vice president of the sales and marketing management center at the Group level. The name is only used in marketing materials after receiving the internal approvals. The sales and marketing personnel of the relevant city company also receive regular training before the commencement of pre-sales to ensure that they possess accurate and up-to-date information regarding the relevant property project;

- The senior management team at the city companies is in charge of the daily business operations and risk monitoring of local projects, and is responsible for the supervision of different aspects of local operations on a daily basis as well as the supervision and approval of any material business decisions of respective project companies. The Group has formulated clear reporting lines between the management at the city company level and the group level;

- The audit and supervision center at the Group level is responsible for the monitoring and implementing the internal control policies and to adjust and improve the internal control polices based on changes relating to, among others, the Group's operations, changes to relevant laws and regulations, industry conditions, organizational structure, issues discovered in internal review processes and internal risk assessments.

The Group has implemented procedures and internal controls for the handling and dissemination of inside information. In particular, the Group:

- has conducted its affairs with close regard to the disclosure requirement under the Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission in June 2012;

- has established its own disclosure obligation procedures, which set out the procedures and controls for the assessment of potential inside information and the handling and dissemination of inside information. The procedures have been communicated to the senior management and staff of the Company, and their implementation is monitored by the Company; and

- has made broad, non-exclusive disclosure of information to the public through channels such as financial reports, public announcements and its website.

During the year ended 31 December 2019, the Group engaged an external independent consultant to perform an overall assessment on various procedures, systems and internal control with recommendations made to the Group. The Group has implemented appropriate measures in accordance with the recommendations.

The risk management and internal control systems are reviewed and assessed on an on-going basis by the executive Directors, and will be further reviewed and assessed at least once each year by the Audit Committee and the Board. During the year ended 31 December 2019, these systems were reviewed and considered effective and adequate.

AUDITOR'S REMUNERATION

For the year ended 31 December 2019, the remunerations paid or payable to Ernst and Young in respect of its audit services and non-audit services were approximately RMB4.8 million and RMB0.3 million, respectively. The amount for 2019 non-audit services consisted mainly of tax-related service fee and ESG advisory fee. The Audit Committee was satisfied that the non-audit services in 2019 did not affect the independence of the auditor.

COMPANY SECRETARY

The Company engages an external service provider to provide secretarial service and has appointed Mr. Yim Lok Kwan as its Company Secretary. Mr. Yim's primary contact at the Company is Ms. Violet Siu, Legal and Compliance – Senior Manager. Mr. Yim has confirmed that for the year ended 31 December 2019, he has taken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules. The biography of Mr. Yim is set out in the "Biographies of Directors and senior management" section of this report.

SHAREHOLDERS' RIGHTS

Convening an extraordinary general meeting

Pursuant to article 58 of the Articles of Association, extraordinary general meetings shall be convened on the requisition of 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. Such requisition shall be made in writing to the Board or the secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting forward proposals at general meeting

There are no provisions under the Articles of Association regarding procedures for Shareholders to put forward proposals at general meetings other than a proposal of a person for election as Director. Shareholders may follow the procedures set out above to convene an extraordinary general meeting for any business specified in such written requisition.

Enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing through the company secretary of the Company at the Company's principal place of business in Hong Kong at Suites 1016-1019, 10/F, Two Pacific Place, 88 Queensway, Admiralty, Hong Kong.

Shareholders may also make enquiries with the Board at the general meetings of the Company.

CONSTITUTIONAL DOCUMENTS

There had been no change to the Company's constitutional documents since the Listing Date. The memorandum of association of the Company and the Articles of Association is available on the Company's website and the Stock Exchange's website.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Board maintains an on-going dialogue with its Shareholders and investors in a timely, open and transparent manner. During the year under review, the Directors and senior management of the Company participated in roadshows and investment meetings. Additionally, the Board members meet and communicate with Shareholders and investors at annual general meetings and other general meetings. Corporate communications (such as interim and annual reports, notices, circulars and announcements) are sent to Shareholders in a timely manner and are available on the websites of the Company and the Stock Exchange.

Enquiry from investors and shareholders, please contact:
Telephone: (852) 3156 9888
Email: ir@xinlizd.com

DIRECTORS' REPORT

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and its subsidiaries are principally engaged in property development and property leasing. An analysis of the Group's revenue and operating results for the year ended 31 December 2019 by its principal activities is set out in note 1 to the consolidated financial statements on page 100 to 116 of this report.

RESULTS

The results of the Group for the year ended 31 December 2019 are set out in the section headed "Chairman's Statement" of this report and the consolidated statement of profit or loss and the consolidated statement of comprehensive income of the Group on pages 92 to 93 of this report.

BUSINESS REVIEW

A review of the business of the Group is set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" on pages 10 to 15 and pages 20 to 35, respectively, of this report.

Particulars of important events affecting the Group that have occurred since the end of the financial year ended 31 December 2019 are set out in note 47 to the consolidated financial statements on page 200 of this report. An analysis of the Group's performance during the year using financial key performance indicators is set out in the sections headed "Financial Highlights" and "Management and Discussion and Analysis" on page 16 to 17 and pages 20 to 35 of this report. An account of the Company's key relationships with its employees, customers and suppliers, please refer to the sections headed "Management Discussion and Analysis – Employees, Remuneration Policy and training" and "Directors' Report – Major Customers and Suppliers" of this report. These discussions form part of the Directors' Report.

Principal Risks and Uncertainties

Principal risks and uncertainties the Group faces include (i) uncertainty as to the acquiring of land reserves for development in desirable locations on favourable terms; (ii) uncertainty as to business expansion into new geographic locations; (iii) uncertainty as to obtaining sufficient funding for land acquisitions and future developments; (iv) risks related to the fluctuation of profitability of property projects; (v) risks related to obtaining administrative certificates; (vi) risks related to the performance of the PRC property markets in particular in Jiangxi Province where the Group derived a majority of its revenue from; (vii) risks related to the government policies and regulations regarding the PRC property industry; (viii) risks related to the increasing raw materials price and labor costs; (viii) risk related to managing growth in expanding into new cities or regions; and (ix) risk related to failure in implementing the Group's strategies.

Compliance with the Relevant Laws and Regulations

As far as the Board and management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended 31 December 2019, there was no material breach of, or non-compliance, with applicable laws and regulations by the Group.

Environmental Policies and Performance

It is the Group's corporate and social responsibility in promoting a sustainable and environmental friendly environment, and the Group strives to minimize its environmental impact and comply with the applicable environmental laws and regulations.

The measures it takes to ensure its compliance with the applicable environmental laws and regulations include: (i) strictly selecting construction contractors and supervising the process of construction; (ii) applying for review by the relevant government authorities in a timely manner after the project is completed; and (iii) actively adopting environmentally friendly equipment and designs. The Group also takes voluntary actions with respect to environmental protection and energy conservation and emission reduction as primary considerations when designing its property projects. None of the Group's properties had received any material fines or penalties associated with the breach of any environmental laws or regulations during the year ended 31 December 2019. The 2019 Environmental, Social and Governance Report of the Group shall be published separately.

FINAL DIVIDEND

The Board recommends the payment of the 2019 Proposed Final Dividend of RMB13 cents per Share (to be distributed out of the Company's share premium account) amounting to a total of RMB464,124,310, representing approximately 25.1% of the core profit attributable to owners of the parent for the year ended 31 December 2019. The 2019 Proposed Final Dividend is subject to the approval of the Shareholders at the 2020 AGM to be held on Friday, 5 June 2020. The 2019 Proposed Final Dividend will be paid in HK$ on or about 31 July 2020. The actual amount in HK$ will be based on the average benchmark rate between RMB and HK$ published by the People's Bank of China five business days prior to the date of the 2020 AGM.

There is no arrangement that a Shareholder has waived or agreed to waive any dividend.

PROPERTY, PLANT AND EQUIPMENT

Changes to the property, plant and equipment of the Group and the Company during the year ended 31 December 2019 are set out in note 13 to the consolidated financial statements.

BORROWINGS

Details of the Group's borrowings during the year ended 31 December 2019 are set out in note 31 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year ended 31 December 2019 are set out in note 35 to the consolidated financial statements.

SENIOR NOTES

Details of senior notes of the Company during the year are set out in note 32 to the consolidated financial statements.

CORPORATE BONDS

Details of corporate bonds of the Company during the year are set out in note 33 to the consolidated financial statements.

RESERVES

Details of the movement in the reserves of the Group and of the Company during the year ended 31 December 2019 are set out on pages 177 and 201 to 202 of this report. In respect of Company, the amount of reserves available for distribution under the Companies Laws of the Cayman Islands as at 31 December 2019 was approximately RMB1,882.5 million.

DONATIONS

Donations made by the Group during the year ended 31 December 2019 amounted to approximately RMB1.1 million.

FINANCIAL STATEMENTS

The results of the Group for the year ended 31 December 2019 and the state of the Group's financial position as at that date are set out in the consolidated financial statements on pages 92 to 202 of this report.

DIRECTORS

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

Name of director	Position
Mr. Zhang Yuanlin	Executive Director
Mr. She Runting	Executive Director
Ms. Tu Jing	Executive Director
Mr. Chen Kai (appointed on 2 March 2020)	Executive Director
Mr. Tam Chi Choi	Independent non-executive Director
Mr. Au Yeung Po Fung	Independent non-executive Director
Mr. Liu Xin	Independent non-executive Director

In accordance with article 83(3) of the Articles of Association, any Director who was newly appointed by the Board to fill a causal vacancy or as an addition to the Board shall hold office only until the next following general meeting of the Company, and shall then be eligible for re-election at such meeting. Accordingly, the term of office of Mr. Chen Kai being Director so appointed on 2 March 2020, shall expire at the 2020 AGM and, being eligible, offer himself for re-election.

In accordance with article 84(1) of the Articles of Association, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. Accordingly, Mr. Zhang Yuanlin and Ms. Tu Jing shall retire from office by rotation at the 2020 AGM and, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company and each of the independent non-executive Directors has signed an appointment letter with the Company. The appointment of all the Directors is for a period of three years and shall continue thereafter until being terminated by either party giving not less than one month's prior written notice.

None of the Directors who are proposed for election or re-election at the 2020 AGM has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors, the management shareholders of the Company nor their respective associates (as defined in the Listing Rules) had any interest in a business that competed or might compete with the business of the Group.

NON-COMPETITION UNDERTAKING

In order to protect the Group's business interest, the Controlling Shareholders entered into the Deed of Non-Competition on 15 October 2019 under which each of the Controlling Shareholders has undertaken to the Company that he/it will not, and will procure his/its close associates (other than members of the Group) not to directly or indirectly (whether or not through his/its own, jointly with any person, corporation, partner, joint venture or any other contractual arrangements, and whether or not in exchange for profit or other benefits) participate, acquire or hold any right or interest in or otherwise be involved in or undertake any business that directly or indirectly competes, or may compete, with the existing business activity of the Group or any business activities which the Group may undertake in the future (in all cases, whether or not as shareholder, partner, agent or any other capacity, and whether or not for profits, returns or any benefits) (the "Restricted Activity"), or hold shares or interest in any companies or business that compete directly or indirectly with the business engaged by the Group from time to time except where the Controlling Shareholders hold less than 5% of the total issued share capital of any company (whose shares are listed on the Stock Exchange or any other stock exchange) which is engaged in any business that is or may be in competition with any business engaged by any member of the Group and they do not control more than 10% of the board of directors of such company. Further, each of the Controlling Shareholders has undertaken to procure that if any new business investment or other business opportunity relating to the Restricted Activity (the "Competing Business Opportunity") is identified by or made available to him/it or any of his/its close associates, he/it shall, and shall procure that his/its close associates shall, refer such Competing Business Opportunity to the Company on a timely basis and refer the Competing Business Opportunity to the Company by giving written notice (the "Offer Notice") to the Company of such Competing Business Opportunity within 30 business days of identifying the target company (if relevant) and the nature of the Competing Business Opportunity, the investment or acquisition costs and all other details reasonably necessary for the Company to consider whether to pursue such Competing Business Opportunity.

Details of the Deed of Non-Competition have been set out in the section headed "Relationship with Controlling Shareholders" of the Prospectus. The Company has received a written confirmation from each of the Controlling Shareholders in respect of his/its compliance with the terms of the Deed of Non-Competition since Listing up to the date of this report.

The independent non-executive Directors are delegated with the authority to review the Deed of Non-Competition. The independent non-executive Directors had reviewed the status of compliance and the confirmation provided by the Controlling Shareholders. On the basis that: (i) the Company has received the confirmations from the Controlling Shareholders regarding the Deed of Non-Competition; (ii) there was no competing business reported by the Controlling Shareholders; and (iii) there was no particular situation rendering the full compliance of the Deed of Non-Competition being questionable, the independent non-executive Directors are of the view that the Deed of Non-Competition have been complied with and been enforced by the Company in accordance with the terms.

SHARE OPTION SCHEME

The Company approved and adopted the Share Option Scheme on 15 October 2019. The Share Option Scheme is subject to the requirements under Chapter 17 of the Listing Rules.

Details of the Share Option Scheme

(1) Purpose

The Share Option Scheme is a share incentive scheme prepared in accordance with Chapter 17 of the Listing Rules and is established to recognize and acknowledge the contributions that the Eligible Participants (as defined in paragraph (2) below) had or may have made to the Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to motivate the Eligible Participants to optimize their performance efficiency for the benefit of the Group; and attract and retain or otherwise maintain an on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

(2) Participants

The Board may, at its discretion, offer to grant an option to the following persons (collectively the "Eligible Participants") to subscribe for such number of new Shares:

- any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;
- any Directors (including independent non-executive directors) or any directors of the Company's subsidiaries; and
- any advisors, consultants, suppliers, customers, distributors and such other persons who in the sole opinion of the Board will contribute or have contributed to the Company or any of its subsidiaries.

(3) The maximum number of Shares available for issue

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of the Company must not in aggregate 352,941,200 Shares, represented approximately 9.89% of Shares in issue as at the date of this report. The maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditors of the Company or an approved independent financial advisor shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of the Company.

(4) The maximum entitlement of each participant

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant.

(5) Acceptance and exercise of option and the duration of the Share Option Scheme

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptances of the options duly signed by the grantee, together with a remittance in favor of the Company of HK$1.00 by way of consideration for the grant thereof, is received by our Company on or before the relevant acceptance date. Such remittance shall in no circumstances be refundable. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the Share Option Scheme. Subject to earlier termination by our Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption.

(6) Subscription price of Shares

The subscription price per Share under the Share Option Scheme will be a price determined by the Directors, but shall not be less than the highest of:

(i) The official closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day;

(ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and

(iii) the nominal value of a Share on the date of grant.

For further details of the Share Option Scheme, please refer to the section headed "Statutory and general information – D. Share option scheme" in Appendix V to the Prospectus.

Since the adoption of the Share Option Scheme and up to the date of this report, no option was granted or agreed to be granted, exercised or cancelled by the Company pursuant to the Share Option Scheme. There was no outstanding share option under the Share Option Scheme as at the date of this report.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 31 December 2019, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or which were otherwise required, to be notified to the Company and the Stock Exchange pursuant to the Model Code, are set out below:

INTERESTS IN SHARES OF THE COMPANY

Name of Director	Nature of Interest *(Note 2)*	Number of Shares or underlying Shares *(Note 1)*	Approximate percentage of shareholding *(Note 1)*
Mr. Zhang Yuanlin	Founder of trusts *(Notes 3)*	2,970,000,000 (L)	83.19%

Notes:

(1) As at 31 December 2019, the Company issued 3,570,187,000 Shares. The letter (L) denotes the entity's long position in the relevant Shares.

(2) The entire issued share capital of Sinic Holdings Group Company Limited is held by Sinic Group Company Limited, which in turn is wholly owned by Xin Hong Company Limited. Xin Hong Company Limited is wholly owned by Honoured Ever Oriental Holdings Limited, the holding vehicle of TMF (Cayman) Ltd. TMF (Cayman) Ltd. is the trustee of the Family Trust, a discretionary trust established by Mr. Zhang as settlor, the beneficiaries of which are Mr. Zhang and Mr. Zhang's family members. Accordingly, each of Mr. Zhang, TMF (Cayman) Ltd., Honoured Ever Oriental Holdings Limited, Xin Hong Company Limited and Sinic Group Company Limited is deemed under the SFO to be interested in the Shares held by Sinic Holdings Group Company Limited.

(3) Xin Heng holds 150,000,000 Shares, representing approximately 4.2% of the issued share capital of the Company. The entire issued share capital of Xin Heng is held by Glory Victory Holdings Limited, the holding vehicle of TMF Trust (HK) Limited. TMF Trust (HK) Limited is the trustee of the Employee Incentive Trust, a discretionary trust set up by Mr. Zhang as settlor for the purpose of a share incentive scheme to be adopted at least six months after Listing, for the benefit of employees of the Group. Accordingly, Mr. Zhang is deemed under the SFO to be interested in the Shares held by Xin Heng.

Save as disclosed above, as at 31 December 2019, none of the Directors and chief executives of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations, recorded in the register required to be kept under section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

So far as is known to the Company, as at 31 December 2019, as recorded in the register required to be kept by the Company under section 336 of the SFO, the following persons, other than a Director or chief executive of the Company, had an interest of 5% or more in the Shares or underlying Shares:

Name of Shareholder	Nature of Interest *(Notes 2)*	Number of Shares or underlying Shares *(Note 1)*	Approximate percentage of shareholding *(Note 1)*
TMF (Cayman) Ltd.	Trustee of a trust	2,820,000,000 (L)	78.99%
Honoured Ever Oriental Holdings Limited	Interest of controlled corporation	2,820,000,000 (L)	78.99%
Xin Hong Company Limited	Interest of controlled corporation *(Notes 4)*	2,820,000,000 (L)	78.99%
Sinic Group Company Limited	Interest of controlled corporation *(Notes 4)*	2,820,000,000 (L)	78.99%
Sinic Holdings Group Company Limited	Beneficial owner *(Notes 4)*	2,820,000,000 (L)	78.99%
Ms. Wu Chengping	Interest of spouse *(Notes 3)*	2,970,000,000 (L)	83.19%

Notes:

(1) As at 31 December 2019, the Company issued 3,570,187,000 Shares. The letter (L) denotes the entity's long position in the relevant Shares.

(2) The entire issued share capital of Sinic Holdings Group Company Limited is held by Sinic Group Company Limited, which in turn is wholly owned by Xin Hong Company Limited. Xin Hong Company Limited is wholly owned by Honoured Ever Oriental Holdings Limited, the holding vehicle of TMF (Cayman) Ltd. TMF (Cayman) Ltd. is the trustee of the Family Trust, a discretionary trust established by Mr. Zhang as settlor, the beneficiaries of which are Mr. Zhang and Mr. Zhang's family members. Accordingly, each of TMF (Cayman) Ltd., Honoured Ever Oriental Holdings Limited, Xin Hong Company Limited and Sinic Group Company Limited is deemed under the SFO to be interested in the Shares held by Sinic Holdings Group Company Limited.

(3) Ms. Wu Chengping is the spouse of Mr. Zhang Yuanlin. Under the SFO, Ms. Wu Chengping is deemed to be interested in the same Shares in which Mr. Zhang is interested.

(4) Mr. Zhang is director of Xin Hong Company Limited, Sinic Group Company Limited and Sinic Holdings Group Company Limited.

Save as disclosed above, as at 31 December 2019, the Company had not been notified of any persons (other than a Director or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares that were recorded in the register required to be kept under section 336 of the SFO.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the Share Option Scheme, at no time during the year was the Company, its holding company, or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities including debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in this report, no transactions, arrangements or contracts of significance in relation to which the Company, its holding company or subsidiaries was a party and in which a Director or his connected entities had a material interest, whether directly or indirectly, subsisted during or at the end of the year ended 31 December 2019.

CONTRACTS OF SIGNIFICANCE

Save as disclosed in this report, no contracts of significance (i) in relation to the Group's business between the Company (or any of its subsidiaries) and a Controlling Shareholder (or any of its subsidiaries); or (ii) for provision of services to the Company (or any of its subsidiaries) by a controlling shareholder (or any of its subsidiaries) subsisted during or at the end of the year ended 31 December 2019.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2019, there was no revenue derived from a single external customer accounting for 10% or more of the Group's revenue.

During the year ended 31 December 2019, purchases attributable to the Group's largest supplier amounted to approximately 17% of the Group's total purchases and the Group five largest suppliers in aggregate accounted for less than 35% of the Group's total purchase for the year.

None of the Directors, their close associates or any Shareholders, which to the knowledge of the Directors owned more than 5% of the Company's issued Shares, had an interest in the share capital of any of the five largest suppliers and customers.

CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 December 2019, the Company conducted the following transactions which constitute non-exempt continuing connected transactions (as defined in the Listing Rules) of the Company, details of these transactions are set out below:

1. Property Management Related Services Framework Agreement

On 21 October 2019, the Company entered into a property management related services framework agreement (the "Property Management Related Services Framework Agreement") with Sinic Services Group Co., Ltd. (新力物業集團有限公司) ("Sinic Services"), pursuant to which the Company agreed to engage Sinic Services to provide property management and related services, including but not limited to (i) pre-delivery services and property management services for unsold properties owned by the Group; (ii) house inspection and cleaning services; and (iii) display unites and on-site sales office management services for a period commencing from the Listing Date (i.e. 15 November 2019) to 31 December 2021. The annual caps of transactions contemplated under the Property Management Related Services Framework Agreement would be RMB187.7 million, RMB226.5 million and RMB268.6 million for the year ended 31 December 2019 and the years ending 31 December 2020 and 2021, respectively. For the year ended 31 December 2019, the value of the services provided by Sinic Services to the Group was RMB181.8 million.

Sinic Services is wholly owned by Sinic Technology Group Co., Ltd. (新力科技集團有限公司), which is held as to 99% by Mr. Zhang, and 1% by Ms. Wu Chengping, the spouse of Mr. Zhang. As such, Sinic Services is a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transactions under the Property Management Related Services Framework Agreement constitutes continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

2. JC Construction Services Framework Agreement

On 15 October 2019, the Company entered into a construction services framework agreement (the "JC Construction Services Framework Agreement") with Jiangxi Fifth Construction Group Co., Ltd. (江西省第五建設集團有限公司) ("Jiangxi 5th Construction"), pursuant to which members of the Group could engage Jiangxi 5th Construction to provide construction and related services, including but not limited to engineering, construction and installation, and construction contracting services for a period commencing from the Listing Date (i.e. 15 November 2019) to 31 December 2021. The annual caps of transactions contemplated under the JC Construction Services Framework Agreement would be RMB897.5 million, RMB836.0 million and RMB482.2 million for the year ended 31 December 2019 and the years ending 31 December 2020 and 2021, respectively. For the year ended 31 December 2019, the value of the services provided by Jiangxi 5th Construction to the Group was RMB502.4 million.

Jiangxi 5th Construction is owned as to approximately 80.4% by Mr. Zhang Guoyin (張國印), the brother of Mr. Zhang. As such, Jiangxi 5th Construction is a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transactions under the JC Construction Services Framework Agreement constitutes continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

3. GL Construction Services Framework Agreement

On 15 October 2019, the Company entered into a construction services framework agreement (the "GL Construction Services Framework Agreement") with Guangxi Lugang Construction Group Co., Ltd. (廣西路港建設集團有限公司) ("Guangxi Lugang"), pursuant to which members of the Group could engage Guangxi Lugang to provide construction and related services, including but not limited to engineering, construction, construction contracting services, installation services for fire-fighting facilities, water and electricity supply facilities and other technical support services for a period commencing from the Listing Date (i.e. 15 November 2019) to 31 December 2021. The annual caps of transactions contemplated under the GL Construction Services Framework Agreement would be RMB887.7 million, RMB1,307.1 million and RMB1,359.3 million for the year ended 31 December 2019 and the years ending 31 December 2020 and 2021, respectively. For the year ended 31 December 2019, the value of the services provided by Guangxi Lugang to the Group was RMB638.8 million.

Guangxi Lugang is owned as to approximately 97.7% by Mr. Zhang Guojin (張國金), the brother of Mr. Zhang. As such, Guangxi Lugang is a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transactions under the GL Construction Services Framework Agreement constitutes continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.55 of the Listing Rules, all independent non-executive Directors have reviewed and confirmed that the above continuing connected transactions have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) according to the relevant agreements governing the transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

For the purpose of Rule 14A.56 of the Listing Rules, Ernst and Young, the auditor of the Company, has provided a letter to the Board, confirming that nothing has come to their attention that causes them to believe that the continuing connected transactions mentioned above (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group; (iii) were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and (iv) have exceed the respective annual cap.

DISCLOSURE UNDER RULE 14A.72 OF THE LISTING RULES

Save as disclosed under the above paragraph headed "Continuing Connected Transactions" in this report which were continuing connected transactions under Chapter 14A of the Listing Rules, all other related party transactions entered into by the Group during the year as disclosed in note 43 to the consolidated financial statements did not constitute connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules.

The Company has complied with applicable disclosure requirements under Chapter 14A of the Listing Rules in respect of the aforesaid continuing connected transactions.

PRE-EMPTIVE RIGHTS AND TAX RELIEF

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands, being the jurisdiction in which the Company is incorporated under which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

LOAN AGREEMENTS WITH COVENANTS RELATING TO SPECIFIC PERFORMANCE OF THE CONTROLLING SHAREHOLDER

On 12 February 2020, the Company as borrower entered into the facility agreement (the "Facility Agreement") with BOCI Leveraged & Structured Finance Limited as lender in respect of a US$140,000,000 term loan facility. The Facility Agreement contains, among others, specific performance obligations on Mr. Zhang, Sinic Holdings Group Company Limited, Sinic Group Company Limited and Xin Hong Company Limited, each a Controlling Shareholder. The loan under the Facility Agreement shall be repaid in full on 31 December 2020.

Pursuant to the Facility Agreement, if Mr. Zhang, Sinic Holdings Group Company Limited, Sinic Group Company Limited and Xin Hong Company Limited, each a Controlling Shareholder, collectively do not or cease to: (i) own (directly or indirectly) at least 51% of the issued share capital of the Company; (ii) have the power to appoint and remove a majority of the Board; or (iii) have the power to give directions with respect to the operating and financial policies of the Company with which the Board is obliged to comply, the lender may cancel the amount of the facility committed by the lender and declare all outstanding amounts together with interest accrued and all other amounts payable by the Company under the facility to be immediately due and payable.

PUBLIC FLOAT

The Stock Exchange has granted the Company a public float waiver under Rule 8.08(1)(a) of the Listing Rules to accept a lower public float percentage of the total issued share capital of 16.81%. Details of the waiver is set out in the section headed "Waivers from Strict Compliance the Requirements under with the Listing Rules – Waiver in relation to Public Float Requirements" of the Prospectus.

As at the date of this report, based on information that was public available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company maintained the amount of public float as required under the public float waiver.

CORPORATE GOVERNANCE

The Board is of opinion that the Company had adopted, applied and complied with the code provisions as set out in the Corporate Governance Code since the Listing Date up to 31 December 2019. Principal corporate governance practices adopted by the Company are set out in the "Corporate Governance Report" section of this report.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last four financial years is set out in the section headed "Financial Summary" of this report.

SUBSIDIARIES OF THE COMPANY

Particulars of the Company's subsidiaries as at 31 December 2019 are set out in note 1 to the consolidated financial statements.

PERMITTED INDEMNITY

The Articles of Association provide that every Director is entitled to be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which he may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts, except such (if any) as they shall incur or sustain through their own fraud or dishonesty.

The Group has taken out and maintained directors' liability insurance for the year ended 31 December 2019, which provides appropriate cover for the Directors. The permitted indemnity provision was in force during the year ended 31 December 2019 and remained in force as at the date of this report for the benefit of the Directors.

EQUITY-LINKED AGREEMENTS

Save as disclosed in the paragraph headed "Share Option Scheme" in this section, no equity-linked agreements were entered into during the year and subsisted at the end of the year.

MANAGEMENT CONTRACTS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Save for the Company's initial public offering as described in the Prospectus and the additional 40,775,000 Shares alloted and issued through the partial exercise of the over-allotment option on 9 December 2019, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 December 2019.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The 2020 AGM will be held on Friday, 5 June, 2020. A notice convening the 2020 AGM will be published on the Company's website and the Stock Exchange's website and dispatched to the Shareholders in accordance with the requirements of the Listing Rules in due course. For the purposes of determining the Shareholders' eligibility to attend, speak and vote at the 2020 AGM and the Shareholders' entitlement to the 2019 Proposed Final Dividend, the Register of Members will be closed as appropriate as set out below:

For determining the entitlement to attend, speak and vote at the 2020 AGM

The Register of Members will be closed from Tuesday, 2 June 2020 to Friday, 5 June 2020, both days inclusive, during which period no transfer of Shares will be effected. In order to determine the identity of members who are entitled to attend, speak and vote at the 2020 AGM, all share transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shop 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 1 June 2020.

For determining the entitlement to the 2019 Proposed Final Dividend

The Register of Members will be closed from Wednesday, 17 June 2020 to Friday, 19 June 2020, both days inclusive, during which period no transfer of Shares will be effected. In order to qualify for the 2019 Proposed Final Dividend, all share transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shop 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 16 June 2020.

AUDITOR

The consolidated financial statements of the Group for the year ended 31 December 2019 have been audited by Ernst and Young who will retire at the 2020 AGM. Ernst and Young, being eligible, will offer themselves for re-appointment. A resolution for the re-appointment of Ernst and Young as the auditor of the Company will be proposed at the 2020 AGM.

By order of the Board
Sinic Holdings (Group) Company Limited
Zhang Yuanlin
Co-Chairman and Executive Director

Hong Kong, 30 March 2020

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Sinic Holdings (Group) Company Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Sinic Holdings (Group) Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 92 to 202 which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

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

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Recognition of revenue from sales of properties over time	
Revenue from sales of properties was recognised over time when the Group's performance under a sales contract did not create an asset with an alternative use to the Group and the Group had an enforceable right to payment for performance completed to date; otherwise, the revenue was recognised at a point in time when the customer obtained control of the completed property. For the year ended 31 December 2019, revenue of the Group from sales of properties was RMB26,806,590,000 of which RMB1,200,395,000 was recognised over time. The Group might not change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the buyer and thus the property unit did not have an alternative use to the Group. Significant management's judgements were involved in determining whether there was an enforceable right to payment which depended on the terms of a sales contract and the interpretation of the applicable laws that applied to the contract. The Group obtained legal counsel opinion regarding the enforceability of the right to payment for sales contracts. Management used judgements in interpreting the applicable laws, based on legal counsel opinion, to identify sales contracts with right to payment and those without the right.	In assessing the appropriateness of management's judgements relating to the accounting policies of revenue recognition: We have obtained an understanding of and evaluated management's process and procedures in identifying sales contracts with or without right to payment. We have reviewed the key terms of a sample sales contracts to assess the presence of the right to payment based on the contract terms; We have obtained and evaluated the opinion of the Group's legal counsel, in particular, the legal counsel's interpretation of the applicable laws and their implication on the assessment of the enforceability of the right to payment; and We have assessed the competence, experience and objectivity of the legal counsel engaged by the management. In respect of the completeness of the estimated total development costs and the accuracy of progress towards complete satisfaction of the performance obligation: We have compared the actual development costs of completed projects to management's prior estimations of total development costs to assess the accuracy of management's historical cost estimation and reliability and appropriateness of the cost estimation methodology on a sample basis;

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Recognition of revenue from sales of properties over time (continued)	
In addition, for the revenue from sales of properties recognised over time, the Group recognised revenue by measuring the progress towards complete satisfaction of the performance obligation at the year end. The progress was measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the development costs incurred up to the end of the year as a percentage of total estimated development costs for each property unit in the sale contract. The Group allocated common costs based on types of properties and saleable floor areas. Significant judgements and estimations were required in determining the completeness of the estimated total development costs and the accuracy of progress towards complete satisfaction of the performance obligation at the year end. Given the involvement of significant judgements and estimations, recognition of revenue from sales of properties over time was considered a key audit matter. The Group's accounting policies and disclosures of the recognition of revenue from sales of properties over time were disclosed in note 2.4, note 3, and note 5 to the consolidated financial statements.	We have obtained an understanding of the internal controls over the generation of cost data of the projects and property units, evaluated and tested them on a sample basis; We have assessed the reasonableness of the basis for the allocation of common costs among project units on a sample basis; We have assessed the reasonableness of the cost budgets for the project and property unit under development by comparison to the actual cost of completed projects and property units, taking into account the type of properties and saleable floor areas on a sample basis; We have compared the estimated total development costs of the projects and property units under development to the budget approved by management on a sample basis; We have tested the development costs incurred by tracing to the supporting documents and the reports from external or internal supervising engineers, where applicable on a sample basis; and We have checked the mathematical accuracy of the cost allocation and the measurement of progress of the property unit on a sample basis. We also assessed the disclosures related to recognition of revenue from sales of properties over time in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Provision for land appreciation tax	
The Group was a property developer in mainland China focusing on the development of residential properties and the development, operation and management of commercial and mixed-use properties. Land appreciation tax ("LAT") in mainland China was one of the main components of the Group's taxation charge. LAT was levied on the sale of properties at progressive rates ranging from 30% to 60% based on the appreciation of land value. As at 31 December 2019, management of the Group estimated the provision for LAT based on its understanding and interpretation of the relevant tax rules and regulations, and the estimated total sales of properties less total deductible expenditure, which includes lease charges for land use rights, property development costs, borrowing costs and development expenditure. Provision for LAT in mainland China was significant to the consolidated financial statements and involved significant management's judgement and interpretation of the relevant tax rate. Accordingly, provision for LAT was identified as a key audit matter. The accounting policies and disclosures of the provision for land appreciation tax were disclosed in note 2.4, note 3 and note 10 to the consolidated financial statements.	We have assessed and evaluated the design and operating effectiveness of the key controls of management in calculation of the provision for land appreciation tax. We have involved internal tax specialists to assist us to perform a review on the LAT position, including the review of the estimates and assumptions used by the Group and the evaluation of tax exposure based on communications received from the relevant tax authorities and applying our local knowledge and experience. We have also recalculated the tax computation and compared our calculations with the amounts recorded by the Group. We have assessed the disclosures related to the provision for land appreciation tax in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
The Group owned investment properties in mainland China which were measured at fair value and their aggregate carrying amount was approximately RMB1,751,200,000 as at 31 December 2019, including completed investment properties and investment properties under construction. The Group engaged an external valuer to perform the valuations of these properties as at 31 December 2019. Significant judgement was required to determine the fair values of the investment properties, which reflected market conditions as at the end of the reporting period. The fair value of completed commercial properties was determined by using the income approach, which has taken into account the rental income of the properties derived from the existing and/or achievable leases in the existing market with due allowance for the reversionary income potential of the leases, and then applied appropriate capitalisation rate. The fair value of commercial properties under construction was determined by using the cost method, which has taken into account the market value of land use right plus the construction cost incurred so far and applied appropriate gross margin. Changes in these assumptions would have significant effects on the valuation of investment properties. Accordingly, the valuation of investment properties was identified as a key audit matter. The accounting policies and disclosures of the investment properties were disclosed in note 2.4, note 3 and note 14 to the consolidated financial statements.	We have assessed and evaluated the design and operating effectiveness of the key controls of management in valuation of investment properties. We have evaluated the competency, independence and objectivity of the external valuer. We understood the valuation approach and key assumptions used by the external valuer. We have assessed the correctness of the property related data used as inputs for the valuations and involved our internal valuation experts to assist us in evaluating the valuation methodology and the underlying assumptions. We have evaluated the source data used in the valuation by benchmarking them to relevant market information on a sample basis. We have assessed the disclosures related to the valuation of investment properties in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is SIU FUNG TERENCE HO.

Ernst & Young

Certified Public Accountants
Hong Kong
30 March 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Year ended 31 December	
		2019	2018
	Notes	**RMB'000**	RMB'000
REVENUE	*5*	**26,984,943**	8,415,653
Cost of sales		**(18,986,406)**	(5,272,657)
Gross profit		**7,998,537**	3,142,996
Finance income		**47,178**	105,680
Other income and gains	*5*	**105,627**	5,945
Selling and distribution expenses		**(1,076,736)**	(657,597)
Administrative expenses		**(568,787)**	(430,192)
Other expenses		**(27,239)**	(46,219)
Fair value gains on investment properties	*14*	**164,786**	110,159
Fair value (losses)/gains on financial assets at fair value through profit or loss		**(24,816)**	18,861
Fair value gains on financial liabilities at fair value through profit or loss		**121**	242
Finance costs	*7*	**(456,397)**	(425,774)
Share of profits and losses of:			
Joint ventures		**62,257**	(9,466)
Associates		**39,493**	48,854
PROFIT BEFORE TAX	*6*	**6,264,024**	1,863,489
Income tax expense	*10*	**(4,249,750)**	(1,308,536)
PROFIT FOR THE YEAR		**2,014,274**	554,953
Attributable to:			
Owners of the parent		**1,957,763**	413,538
Non-controlling interests		**56,511**	141,415
		2,014,274	554,953
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted earnings per share	*12*	**RMB0.64**	RMB0.14

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
PROFIT FOR THE YEAR	**2,014,274**	554,953
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	**(49,519)**	(93,916)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**(49,519)**	(93,916)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**(49,519)**	(93,916)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**1,964,755**	461,037
Attributable to:		
Owners of the parent	**1,908,244**	319,622
Non-controlling interests	**56,511**	141,415
	1,964,755	461,037

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
	Notes	**2019 RMB'000**	2018 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	*13*	**91,349**	114,340
Right-of-use assets	*15*	**70,866**	–
Investment properties	*14*	**1,751,200**	1,153,030
Intangible assets	*16*	**25,196**	5,911
Investments in joint ventures	*17*	**5,992,646**	3,866,086
Investments in associates	*18*	**7,231,927**	708,072
Long-term debt investments	*19*	**–**	564,062
Deferred tax assets	*20*	**2,162,741**	1,652,258
Other non-current assets	*26*	**1,034,122**	1,656,548
Total non-current assets		**18,360,047**	9,720,307
CURRENT ASSETS			
Financial assets at fair value through profit or loss	*21*	**281,795**	64,867
Properties under development	*22*	**48,908,306**	43,560,301
Completed properties held for sale	*23*	**2,881,983**	4,094,399
Trade receivables	*24*	**20,872**	–
Due from related companies	*43*	**4,796,093**	5,112,386
Prepayments, other receivables and other assets	*25*	**4,055,067**	4,558,824
Long-term debt investments	*19*	**–**	314,942
Tax recoverable		**320,818**	116,116
Restricted cash	*27*	**5,749,309**	2,623,147
Pledged deposits	*27*	**290,522**	358,899
Cash and cash equivalents	*27*	**10,558,738**	7,083,520
Total current assets		**77,863,503**	67,887,401
CURRENT LIABILITIES			
Trade and bills payables	*28*	**5,457,196**	3,142,262
Other payables and accruals	*29*	**3,470,586**	3,898,578
Contract liabilities	*30*	**34,231,211**	40,196,400
Due to related companies	*43*	**5,957,364**	1,400,187
Interest-bearing bank and other borrowings	*31*	**10,208,923**	9,224,964
Senior notes	*32*	**812,145**	–
Corporate bonds	*33*	**624,072**	–
Lease liabilities	*15*	**30,629**	–
Financial liabilities at fair value through profit or loss	*34*	**498**	619
Tax payable	*10*	**5,467,328**	1,686,313
Total current liabilities		**66,259,952**	59,549,323
NET CURRENT ASSETS		**11,603,551**	8,338,078
TOTAL ASSETS LESS CURRENT LIABILITIES		**29,963,598**	18,058,385

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2019	2018
	Notes	**RMB'000**	RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*31*	**14,521,275**	12,285,740
Corporate bonds	*33*	**406,552**	592,070
Lease liabilities	*15*	**29,483**	–
Deferred tax liabilities	*20*	**110,554**	120,307
Total non-current liabilities		**15,067,864**	12,998,117
Net assets		**14,895,734**	5,060,268
EQUITY			
Equity attributable to owners of the parent			
Share capital	*35*	**31,958**	–
Reserves	*36*	**8,135,050**	4,243,624
		8,167,008	4,243,624
Non-controlling interests		**6,728,726**	816,644
Total equity		**14,895,734**	5,060,268

Mr. Zhang YuanLin
Director

Mr. She Runting
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent									
	Share capital RMB'000 *Note 35*	Share premium RMB'000 *Note 36(a)*	Merger reserve RMB'000 *Note 36(b)*	Capital reserve RMB'000 *Note 36(c)*	Statutory surplus reserve RMB'000 *Note 36(d)*	Exchange fluctuation reserve RMB'000 *Note 36(e)*	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 31 December 2018 and 1 January 2019	–	–*	3,716,600*	–*	195,668*	(45,658)*	377,014*	4,243,624	816,644	5,060,268
Profit for the year	–	–	–	–	–	–	1,957,763	1,957,763	56,511	2,014,274
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations	–	–	–	–	–	(49,519)	–	(49,519)	–	(49,519)
Total comprehensive income for the year	–	–	–	–	–	(49,519)	1,957,763	1,908,244	56,511	1,964,755
Issuance of new shares	31,958	1,940,877	–	–	–	–	–	1,972,835	–	1,972,835
Acquisition of non-controlling interests	–	–	–	8,189	–	–	–	8,189	(98,176)	(89,987)
Acquisition of subsidiaries by the Group from the then equity holder of the subsidiaries	–	–	34,116	–	–	–	–	34,116	–	34,116
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	409,687	409,687
Disposal of subsidiaries *(note 40)*	–	–	–	–	–	–	–	–	(138,940)	(138,940)
Capital contribution by the non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	5,683,000	5,683,000
Appropriations to statutory surplus reserve	–	–	–	–	87,568	–	(87,568)	–	–	–
At 31 December 2019	31,958	1,940,877*	3,750,716*	8,189*	283,236*	(95,177)*	2,247,209*	8,167,008	6,728,726	14,895,734

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent									
	Share capital RMB'000 Note 35	Share premium RMB'000 Note 36(a)	Merger reserve RMB'000 Note 36(b)	Capital reserve RMB'000 Note 36(c)	Statutory surplus reserve RMB'000 Note 36(d)	Exchange fluctuation reserve RMB'000 Note 36(e)	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2018	–	–	3,716,600	–	67,110	48,258	92,034	3,924,002	670,823	4,594,825
Profit for the year	–	–	–	–	–	–	413,538	413,538	141,415	554,953
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations	–	–	–	–	–	(93,916)	–	(93,916)	–	(93,916)
Total comprehensive income for the year	–	–	–	–	–	(93,916)	413,538	319,622	141,415	461,037
Capital contribution by the non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	4,405	4,405
Disposal of subsidiaries	–	–	–	–	–	–	–	–	1	1
Appropriations to statutory surplus reserve	–	–	–	–	128,558	–	(128,558)	–	–	–
At 31 December 2018	–	–*	3,716,600*	–*	195,668*	(45,658)*	377,014*	4,243,624	816,644	5,060,268

* These reserve accounts comprise the consolidated reserves of RMB8,135,050,000 (2018: RMB4,243,624,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

		Year ended 31 December	
	Notes	2019 RMB'000	2018 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**6,264,024**	1,863,489
Adjustments for:			
Depreciation of items of property, plant and equipment	6,13	**25,375**	19,435
Depreciation of right-of-use assets	6,15	**30,255**	–
Amortisation of intangible assets	6,16	**2,493**	820
Net gains on disposal of items of property, plant and equipment	5	**(78)**	(474)
Gains on bargain purchase	5,39	**(4,987)**	–
Net gains on disposal of subsidiaries	5,40	**(72,160)**	(1,187)
Share of profits and losses of:			
Joint ventures		**(62,257)**	9,466
Associates		**(39,493)**	(48,854)
Fair value losses/(gains) on financial assets at fair value through profit or loss		**24,816**	(18,861)
Fair value gains on financial liabilities at fair value through profit or loss		**(121)**	(242)
Fair value gains on investment properties	14	**(164,786)**	(110,159)
Finance costs	7	**456,397**	425,774
Interest income		**(47,178)**	(105,680)
Decrease/(increase) in properties under development and completed properties held for sale		**320,551**	(15,063,889)
Increase in restricted cash		**(3,126,162)**	(1,450,287)
Decrease/(increase) in pledged deposits		**68,377**	(125,597)
Increase in trade receivables		**(20,872)**	–
Decrease/(increase) in prepayments, other receivables and other assets		**897,390**	(3,275,158)
Decrease/(increase) in other non-current assets		**271,141**	(285,355)
Increase in trade and bills payables		**2,314,934**	676,799
(Decrease)/increase in other payables and accruals		**(1,611,987)**	1,828,039
(Decrease)/increase in contract liabilities		**(6,178,526)**	19,329,198
Decrease in amounts due from related companies		**27,914**	8,379
Increase in amounts due to related companies		**244,785**	30,428
Cash (used in)/generated from operations		**(380,155)**	3,706,084
Interest received		**147,072**	27,676
Interest paid		**(2,294,248)**	(934,323)
Tax paid		**(1,311,191)**	(1,074,510)
Net cash flows (used in)/generated from operating activities		**(3,838,522)**	1,724,927

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended 31 December 2019 RMB'000	2018 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(17,409)**	(26,607)
Purchase of intangible assets		**(21,829)**	(459)
Additions in investment properties		**(314,454)**	(149,371)
Acquisition of subsidiaries		**(648,210)**	–
Acquisition of financial assets at fair value through profit or loss		**(241,744)**	(46,006)
Disposal of subsidiaries		**(348,472)**	–
Investments in joint ventures		**(2,064,303)**	(485,934)
Investments in associates		**(6,484,362)**	(474,767)
Repayment/(payment) of long-term debt investments		**879,004**	(139,405)
Disposal of items of property, plant and equipment		**545**	2,359
Net cash flows used in investing activities		**(9,261,234)**	(1,320,190)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital contribution from non-controlling shareholders of subsidiaries		**5,683,000**	4,405
Advances from related companies	43	**47,699,691**	15,790,185
Repayment of advances from related companies	43	**(43,387,298)**	(16,714,932)
Advances to related companies	43	**(23,497,757)**	(10,691,453)
Repayment of advances to related companies	43	**23,790,465**	10,086,115
Payment of lease liabilities		**(31,803)**	–
Proceeds from interest-bearing bank and other borrowings		**21,748,024**	16,367,769
Repayment of interest-bearing bank and other borrowings		**(18,528,530)**	(11,603,038)
Proceeds from issue of new shares		**1,972,835**	–
Proceeds from issue of corporate bonds	33	**415,674**	586,421
Proceeds from issue of senior notes	32	**1,161,300**	–
Repayment of corporate bonds	33	**(45,427)**	–
Repayment of senior notes		**(355,610)**	–
Net cash flows from financing activities		**16,624,564**	3,825,472
NET INCREASE IN CASH AND CASH EQUIVALENTS		**3,524,808**	4,230,209
Cash and cash equivalents at beginning of year		**7,083,520**	2,876,901
Effect of foreign exchange rate, net		**(49,590)**	(23,590)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**10,558,738**	7,083,520
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	27	**16,598,569**	10,065,566
Less:			
Restricted cash	27	**5,749,309**	2,623,147
Pledged deposits	27	**290,522**	358,899
Cash and cash equivalents as stated in the statement of cash flows		**10,558,738**	7,083,520

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

The Company is an exempted company incorporated in the Cayman Islands. The Company's shares were listed on the Stock Exchange on 15 November 2019.The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. During the year, the Group was involved in property development and property leasing.

In the opinion of the directors, the holding company and the ultimate holding company of the Company is Xin Hong Company Limited, which is incorporated in the British Virgin Islands.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are set out below:

Name of companies	Place of of incorporation/ registration and business	Nominal value of registered share capital ('000)	Effective percentage of the controlling equity interest attributable to the Company	Principal activities
Directly held:				
力悅有限公司 Li Yue Company Limit ed	British Virgin Islands	United States dollar ("US$") 0.001	100%	Investment holding
森源發展有限公司 Forest Resources Developments Limited	British Virgin Islands	US$0.001	100%	Investment holding
力誠有限公司 Li Cheng Company Limited	British Virgin Islands	US$0.001	100%	Investment holding
力合控股有限公司 Li He Holdings Limited	British Virgin Islands	US$0.001	100%	Investment holding
力銳控股有限公司 Li Rui Holdings Limited	British Virgin Islands	US$0.001	100%	Investment holding
Indirectly held:				
力悅(香港)控股有限公司 Li Yue (HK) Holdings Limited	Hong Kong	HK$0.1	100%	Investment holding
新星電子有限公司 Icons Electronics Limited	Hong Kong	HK$0.001	100%	Investment holding
江西新力商務諮詢有限公司 Jiangxi Sinic Business Consultancy Co., Ltd.	PRC/Mainland China	RMB100,000	100%	Investment holding

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are set out below: (continued)

Name of companies	*Notes*	Place of of incorporation/ registration and business	Nominal value of registered share capital ('000)	Effective percentage of the controlling equity interest attributable to the Company	Principal activities
Indirectly held: (continued)					
江西新力企業管理有限公司 Jiangxi Sinic Corporate Management Co., Ltd.		PRC/Mainland China	RMB2,000,000	100%	Investment holding
新力地產集團有限公司 Sinic Real Estate Group Co., Ltd.		PRC/Mainland China	RMB3,200,000	100%	Investment holding
江西新力置地投資有限公司 Jiangxi Sinic Properties Investment Co., Ltd.		PRC/Mainland China	RMB2,500,000	100%	Property development
豐城贛鐵置業有限公司 Fengcheng Gantie Properties Co., Ltd.	*(1)*	PRC/Mainland China	RMB6,000	64%	Property development
南昌天華置業有限公司 Nanchang Tianhua Properties Co., Ltd.		PRC/Mainland China	RMB200,000	100%	Property development
江西恒望置業有限公司 Jiangxi Hengwang Properties Co., Ltd. ("Jiangxi Hengwang")	*(1)*	PRC/Mainland China	RMB102,040	51%	Property development
江西澳斯屯實業有限公司 Jiangxi Aositun Industrial Co., Ltd.		PRC/Mainland China	RMB50,000	100%	Property development
江西駿宇實業有限公司 Jiangxi JunYu Industrial Co., Ltd.		PRC/Mainland China	RMB30,000	100%	Property development
南昌寶葫蘆農莊有限公司 Nanchang Baohulu Farm Co., Ltd.		PRC/Mainland China	RMB179,620	100%	Property development
武漢保和優誠置業有限公司 Wuhan Baoheyoucheng Properties Co., Ltd.	*(1)*	PRC/Mainland China	RMB57,300	70%	Property development

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are set out below: (continued)

Name of companies	*Notes*	Place of of incorporation/ registration and business	Nominal value of registered share capital ('000)	Effective percentage of the controlling equity interest attributable to the Company	Principal activities
Indirectly held: (continued)					
贛州新力力合置業有限公司 Ganzhou Sinic Lihe Properties Co., Ltd.		PRC/Mainland China	RMB10,000	100%	Property development
贛州新力未來置業有限公司 Ganzhou Sinic Weilai Properties Co., Ltd.		PRC/Mainland China	RMB10,000	100%	Property development
綠色奔跑置業(北京)有限公司 Lvse Benpao Properties (Beijing) Co., Ltd.		PRC/Mainland China	RMB10,000	100%	Property development
惠州新力弘發房地產開發有限公司 Huizhou Sinic Hongfa Real Estate Development Co., Ltd.		PRC/Mainland China	RMB20,000	100%	Property development
廣東強科地產有限公司 Guangdong Qiangke Real Estate Co., Ltd.		PRC/Mainland China	RMB5,100	100%	Property development
惠州新力無限房地產開發有限公司 Huizhou Sinic Wuxian Real Estate Development Co., Ltd.		PRC/Mainland China	RMB100,000	100%	Property development
南昌天巨實業有限公司 Nanchang Tianju Industrial Co., Ltd. ("Nanchang Tianju")	*(1)*	PRC/Mainland China	RMB5,000	60%	Property development
惠州新力美學房地產開發有限公司 Huizhou Sinic Meixue Real Estate Development Co., Ltd.		PRC/Mainland China	RMB100,000	100%	Property development
惠州市均林實業有限公司 Huizhou Junlin Industrial Co., Ltd	*(2)*	PRC/Mainland China	RMB5,000	100%	Property development

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are set out below: (continued)

Name of companies	*Notes*	Place of of incorporation/ registration and business	Nominal value of registered share capital ('000)	Effective percentage of the controlling equity interest attributable to the Company	Principal activities
Indirectly held: (continued)					
湖南新渺房地產開發有限公司 Hunan Xinmiao Real Estate Development Co., Ltd.	*(1)*	PRC/Mainland China	RMB50,000	99%	Property development
湖南新川房地產開發有限公司 Hunan Xinchuan Real Estate Development Co., Ltd.	*(1)*	PRC/Mainland China	RMB50,000	99%	Property development
湖南新林房地產開發有限公司 Hunan Xinlin Real Estate Development Co., Ltd.	*(1)*	PRC/Mainland China	RMB50,000	99%	Property development
北京里士滿信息諮詢有限公司 Beijing Lishiman Information Consulting Co., Ltd.		PRC/Mainland China	RMB50,000	100%	Management consulting
南昌順泰置業有限公司 Nanchang Shuntai Properties Co., Ltd.	*(1)*	PRC/Mainland China	RMB100,000	70%	Property development
惠州新力泓逸房地產開發有限公司 Huizhou Sinic Hongyi Real Estate Development Co., Ltd.		PRC/Mainland China	RMB20,000	100%	Property development
昆山萊克斯投資有限公司 Kunshan Laikesi Investment Co., Ltd.		PRC/Mainland China	RMB100,000	100%	Property development
上海新悦力和房地產開發有限公司 Shanghai Xinyue Lihe Real Estate Development Co., Ltd		PRC/Mainland China	RMB100,000	100%	Property development
江西億創置業投資有限公司 Jiangxi Yichuang Properties Investment Co., Ltd.		PRC/Mainland China	RMB10,000	100%	Investment development

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are set out below: (continued)

Name of companies	*Notes*	Place of of incorporation/ registration and business	Nominal value of registered share capital ('000)	Effective percentage of the controlling equity interest attributable to the Company	Principal activities
Indirectly held: (continued)					
贛州新悅力創房地產開發有限公司 Ganzhou Xinyuelichuang Real Estate Development Co., Ltd.		PRC/Mainland China	RMB200,000	100%	Investment development
惠州市天華宇實業有限公司 Huizhou Tianhuayu Industrial Co., Ltd		PRC/Mainland China	RMB1,000	100%	Property development
長沙新力鴻房地產開發有限公司 Changsha Sinic Hong Real Estate Development Co., Ltd.		PRC/Mainland China	RMB20,000	100%	Property development
清遠市萬力源投資置業有限公司 Qingyuan Wanliyuan Investment Properties Co., Ltd.		PRC/Mainland China	RMB25,000	100%	Property development
江西力睿置業投資有限公司 Jiangxi Lirui Property Investment Co., Ltd.		PRC/Mainland China	RMB10,000	100%	Property development
江西淳華房地產開發有限公司 Jiangxi Chunhua Real Estate Development Co., Ltd.		PRC/Mainland China	RMB10,000	100%	Property development
江西新沃房地產開發有限公司 Jiangxi Xinwo Real Estate Development Co., Ltd.		PRC/Mainland China	RMB50,000	100%	Property development
湖南新力在悅房地產開發有限公司 Hunan Sinic Zaiyue Real Estate Development Co., Ltd.		PRC/Mainland China	RMB200,000	100%	Property development

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are set out below: (continued)

Name of companies	Place of of incorporation/ registration and business	Nominal value of registered share capital ('000)	Effective percentage of the controlling equity interest attributable to the Company	Principal activities
Indirectly held: (continued)				
無錫富安金邸房地產有限公司 Wuxi Fuan Jindi Real Estate Co., Ltd.	PRC/Mainland China	RMB100,000	100%	Property development
惠州市湯普實業有限公司 Huizhou Tangpu Industrial Co., Ltd.	PRC/Mainland China	US$109,600	100%	Property development
江西傲宇房地產開發有限公司 Jiangxi Aoyu Real Estate Development Co., Ltd.	PRC/Mainland China	RMB10,000	100%	Property development
香港澳銘企業管理有限公司 Hong Kong Oeming Enterprise Management Co., Ltd.	Hong Kong	HK$0.001	100%	Investment holding
武漢新力在和房地產集團有限公司 Wuhan Sinic Zaihe Real Estate Group Co., Ltd.	PRC/Mainland China	RMB50,000	100%	Property development
江西鴻禎房地產開發有限公司 Jiangxi Hongzhen Estate Development Co., Ltd.	PRC/Mainland China	RMB100,000	100%	Property development
湖南新卓房地產開發有限公司 Hunan Xinzhuo Real Estate Development Co., Ltd.	PRC/Mainland China	RMB285,710	100%	Property development
江西贛越房地產開發有限公司 Jiangxi Ganyue Real Estate Development Co., Ltd.	PRC/Mainland China	RMB100,000	100%	Property development
惠州新力未來房地產開發有限公司 Huizhou Sinic Weilai Real Estate Development Co., Ltd.	PRC/Mainland China	RMB100,000	100%	Property development

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are set out below: (continued)

Name of companies	*Notes*	Place of of incorporation/ registration and business	Nominal value of registered share capital ('000)	Effective percentage of the controlling equity interest attributable to the Company	Principal activities
Indirectly held: (continued)					
惠州力新無限房地產開發有限公司 Huizhou Lixin Wuxian Real Estate Development Co., Ltd.		PRC/Mainland China	RMB100,000	100%	Property development
江西新瀚置業有限公司 Jiangxi Xinhan Properties Co., Ltd.	*(2)*	PRC/Mainland China	RMB100,000	100%	Property development
武漢新力聖宇房地產開發有限公司 Wuhan Sinic Shengyu Real Estate Development Co., Ltd.		PRC/Mainland China	RMB50,000	100%	Property development
武漢新力中成房地產開發有限公司 Wuhan Sinic Zhongcheng Real Estate Development Co., Ltd.	*(1)*	PRC/Mainland China	RMB50,000	70%	Property development
成都力聯房地產開發有限公司 Chengdu Lilian Real Estate Development Co., Ltd.		PRC/Mainland China	RMB50,000	100%	Property development
江西中河置業有限公司 Jiangxi Zhonghe Properties Co., Ltd.		PRC/Mainland China	RMB200,000	100%	Property development
南昌名門世家房產開發經營有限責任公司 Nanchang Mingmen Shijia Real Estate Development Co., Ltd.		PRC/Mainland China	RMB20,000	100%	Property development
江西璽瑞實業有限公司 Jiangxi Xirui Industrial Co., Ltd.	*(1)*	PRC/Mainland China	RMB20,400	51%	Property development

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are set out below: (continued)

Name of companies	*Notes*	Place of of incorporation/ registration and business	Nominal value of registered share capital ('000)	Effective percentage of the controlling equity interest attributable to the Company	Principal activities
Indirectly held: (continued)					
惠州市美麗置業有限公司 Huizhou Meili Properties Co., Ltd.		PRC/Mainland China	RMB40,000	100%	Property development
長沙旺國置業有限公司 Changsha Wangguo Properties Co., Ltd.	*(1)*	PRC/Mainland China	RMB100,000	94%	Property development
長沙新力湘房地產開發有限公司 Changsha Sinic Xiang Real Estate Development Co., Ltd.	*(1)*	PRC/Mainland China	RMB226,421	99%	Property development
江蘇中原置業有限公司 Jiangsu Zhongyuan Properties Co., Ltd		PRC/Mainland China	RMB77,200	100%	Property development
江西和之信投資有限公司 Jiangxi Hezhixin Investment Co., Ltd.		PRC/Mainland China	RMB150,000	100%	Property development
江西新爵置業投資有限公司 Jiangxi Xinjue Property Investment Co., Ltd.		PRC/ Mainland China	RMB10,000	100%	Investment holding
江西金麒麟置業有限公司 Jiangxi Gold Qilin Properties Co., Ltd.		PRC/Mainland China	RMB20,000	100%	Property development
惠州市均城投資有限公司 Huizhou Juncheng Investment Co., Ltd.		PRC/Mainland China	RMB10,000	100%	Property development
江西運發實業有限公司 Jiangxi Yunfa Industrial Co., Ltd.	*(2)*	PRC/Mainland China	RMB61,230	100%	Property development
成都力新渺房地產開發有限公司 Chengdu Lixinmiao Real Estate Development Co., Ltd.		PRC/Mainland China	RMB10,000	100%	Property development

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are set out below: (continued)

Name of companies	*Notes*	Place of of incorporation/ registration and business	Nominal value of registered share capital ('000)	Effective percentage of the controlling equity interest attributable to the Company	Principal activities
Indirectly held: (continued)					
成都新力錦業房地產開發有限公司 Chengdu Sinic Jinye Real Estate Development Co., Ltd.		PRC/Mainland China	RMB10,000	100%	Property development
廣州新力展裕投資有限公司 Guangzhou Sinic Zhanyu Investment Co., Ltd.		PRC/Mainland China	RMB10,000	100%	Property development
湖南悦禧置業有限公司 Hunan Yuexi Properties Co., Ltd.	*(1)*	PRC/Mainland China	RMB30,000	99%	Property development
惠陽區威宇實業發展有限公司 Huiyang Weiyu Industrial Development Co., Ltd.		PRC/Mainland China	RMB50,000	100%	Property development
江西匯濤實業有限公司 Jiangxi Huitao Industrial Co., Ltd.		PRC/Mainland China	RMB600,000	100%	Property development
武漢市升陽房地產發展有限公司 Wuhan Shengyang Real Estate Development Co., Ltd.		PRC/Mainland China	RMB10,000	100%	Property development
江西海越房地產開發有限公司 Jiangxi Haiyue Real Estate Development Co., Ltd.		PRC/Mainland China	RMB50,000	100%	Property development
江西新騰房地產開發有限公司 Jiangxi Xinteng Real Estate Development Co., Ltd.		PRC/Mainland China	RMB10,000	100%	Property development
江西新潯房地產開發有限公司 Jiangxi Xinxun Real Estate Development Co., Ltd.		PRC/Mainland China	RMB10,000	100%	Property development

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are set out below: (continued)

Name of companies	*Notes*	Place of of incorporation/ registration and business	Nominal value of registered share capital ('000)	Effective percentage of the controlling equity interest attributable to the Company	Principal activities
Indirectly held: (continued)					
江西陽焱房地產開發有限公司 Jiangxi Yangyan Real Estate Development Co., Ltd.	*(2)*	PRC/Mainland China	RMB100,000	100%	Property development
惠州市勝源投資有限公司 Huizhou Shengyuan Investment Co., Ltd.		PRC/Mainland China	RMB5,000	100%	Property development
蘇州新力在悅房地產有限公司 Suzhou Sinic Zaiyue Real Estate Co., Ltd.		PRC/Mainland China	RMB100,000	100%	Property development
南昌新銘房地產開發有限公司 Nanchang Xinming Real Estate Development Co., Ltd.		PRC/Mainland China	RMB20,000	100%	Property development
南昌梓棟房地產開發有限公司 Nanchang Zidong Real Estate Development Co., Ltd.		PRC/Mainland China	RMB20,000	100%	Property development
浮梁縣靜妤實業有限公司 Fuliang Jingshu Industrial Co., Ltd.	*(1)*	PRC/Mainland China	RMB10,000	95%	Property development
南昌泰新房地產開發有限公司 Nanchang Taixin Real Estate Development Co., Ltd.		PRC/Mainland China	RMB50,000	100%	Property development
南昌新穎房地產開發有限公司 Nanchang Xinying Real Estate Development Co., Ltd.		PRC/Mainland China	RMB20,000	100%	Property development
廣州坤旺房地產開發有限公司 Guangzhou Kunwang Real Estate Development Co., Ltd.		PRC/Mainland China	RMB10,000	100%	Property development

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are set out below: (continued)

Name of companies	*Notes*	Place of of incorporation/ registration and business	Nominal value of registered share capital ('000)	Effective percentage of the controlling equity interest attributable to the Company	Principal activities
Indirectly held: (continued)					
中山新慧房地產開發有限公司 Zhongshan Xinhui Real Estate Development Co., Ltd.	*(2)*	PRC/Mainland China	RMB100,000	100%	Property development
中山新力力創房地產開發集團有限公司 Zhongshan Sinic Lichuang Real Estate Development Group Co., Ltd.		PRC/Mainland China	RMB2,000,000	100%	Property development
中山市渡頭房地產開發有限公司 Zhongshan Dutou Real Estate Development Co., Ltd.	*(3)*	PRC/Mainland China	RMB160,214	100%	Property development
惠州市均榮實業有限公司 Huizhou Junrong Industrial Co., Ltd.		PRC/Mainland China	RMB210,000	100%	Property development
吉安新悦力創房地產開發有限公司 Ji 'an Xinyue Lichuang Real Estate Development Co., Ltd.		PRC/Mainland China	RMB200,000	100%	Property development
惠州市萬基實業有限公司 Huizhou Wanji Industrial Co., Ltd.		PRC/Mainland China	RMB12,000	100%	Property development
諸暨力睿房地產開發有限公司 Zhuji Lirui Real Estate Development Co., Ltd.		PRC/Mainland China	RMB50,000	100%	Property development
惠州市錦綉灣實業有限公司 Huizhou Jinxiu Bay Industrial Co., Ltd.		PRC/Mainland China	RMB20,000	100%	Property development
惠州市朗鉅實業有限公司 Huizhou Langju Industrial Co., Ltd.	*(1)*	PRC/Mainland China	RMB300,000	75%	Property development

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are set out below: (continued)

Name of companies	*Notes*	Place of of incorporation/ registration and business	Nominal value of registered share capital ('000)	Effective percentage of the controlling equity interest attributable to the Company	Principal activities
Indirectly held: (continued)					
惠州大亞灣新際房地產開發有限公司 Huizhou Daya Bay XinJi Real Estate Development Co., Ltd.		PRC/Mainland China	RMB164,000	100%	Property development
蘇州力創香穀置業發展有限公司 Suzhou Lichuang Xianggu Properties Development Co., Ltd.	*(1,2)*	PRC/Mainland China	RMB200,000	70%	Property development
溫州力璟房地產開發有限公司 Wenzhou Lijing Real Estate Development Co., Ltd.	*(2)*	PRC/Mainland China	RMB50,000	100%	Property development
合肥新城悦弘房地產開發有限公司 Hefei Xincheng Yuehong Real Estate Development Co., Ltd.	*(3)*	PRC/Mainland China	RMB130,000	100%	Property development
平潭立新地產有限公司 Pingtan Lixin Real Estate Co., Ltd.	*(1)*	PRC/Mainland China	RMB100,000	48%	Property development
平潭魯新地產有限公司 Pingtan Luxin Real Estate Co., Ltd.	*(1)*	PRC/Mainland China	RMB111,500	48%	Property development
江西賽越房地產開發有限公司 Jiangxi Saiyue Real Estate Development Co., Ltd.	*(2)*	PRC/Mainland China	RMB142,857	100%	Property development
合肥力耀房地產開發有限公司 Hefei Liyao Real Estate Development Co., Ltd.	*(2)*	PRC/Mainland China	RMB50,000	100%	Property development
無錫新卓房地產開發有限公司 Wuxi Xinzhuo Real Estate Development Co., Ltd.	*(2)*	PRC/Mainland China	RMB71,428	100%	Property development

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are set out below: (continued)

Name of companies	*Notes*	Place of of incorporation/ registration and business	Nominal value of registered share capital ('000)	Effective percentage of the controlling equity interest attributable to the Company	Principal activities
Indirectly held: (continued)					
成都力璽房地產開發有限公司 Chengdu Lixi Real Estate Development Co., Ltd.	*(2)*	PRC/Mainland China	RMB10,000	100%	Property development
安徽力弘房地產開發有限公司 Anhui Lihong Real Estate Development Co., Ltd.	*(1,2)*	PRC/Mainland China	RMB1,100,000	70%	Property development
蘇州新力創志房地產有限公司 Suzhou Sinic Chuangzhi Real Estate Co., Ltd.		PRC/Mainland China	RMB25,000	100%	Property development
煙台力新房地產開發有限公司 Yantai Lixin Real Estate Development Co., Ltd.	*(2)*	PRC/Mainland China	RMB10,000	100%	Property development
江西雨葉頌實業有限公司 Jiangxi Yuyesong Industrial Co., Ltd.	*(1)*	PRC/Mainland China	RMB1,400,000	51%	Property development
慈溪力創房地產開發有限公司 Cixi Lichuang Real Estate Development Co., Ltd.		PRC/Mainland China	RMB50,000	100%	Property development
蘇州新力悦創房地產有限公司 Suzhou Sinic Yuechuang Real Estate Co., Ltd.		PRC/Mainland China	RMB25,000	100%	Property development

The English names of all group companies registered in the PRC represent the best efforts made by the management of the Company to translate their Chinese names as they do not have an official English name. The legal form of all the above disclosed principal subsidiaries are limited liability companies.

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Notes:

(1) These entities are subsidiaries of a non-wholly-owned subsidiary of the Company and, accordingly, are accounted for as subsidiaries by virtue of the Company's control over it.

(2) The Group legally transferred partial equity interests of these subsidiaries as collateral to trust financing companies during the year. Under such trust financing arrangements, the Group was obliged to purchase at a fixed amount on a future date upon repayment of the borrowings from the trust financing companies.

In addition, the Group retains the power to control these companies in the ordinary course of business by confirmation from the legal equity holder. In this regard, considering the facts that the substance of the arrangements is to collateralise some equity interests in these companies for the borrowings for project development and the Group retains the practical ability to govern the financial and operating policies of these project companies so as to obtain benefits from the operating activities of these project companies, the directors of the Company are of the view that the financial position and operating results of these companies should be consolidated into the Group's financial statements.

(3) During the year, the Group acquired Zhongshan Dutou Real Estate Development Co., Ltd. ("Zhongshan Dutou") and Hefei Xincheng Yuehong Real Estate Development Co., Ltd. ("Hefei Xincheng Yuehong") from third parties. Further details of these acquisitions are included in note 39 to the financial statements.

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

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all standards and interpretations, International Accounting Standards ("IASs") and Standing Interpretations Committee interpretations) approved by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

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

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

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

(a) IFRS 16 supersedes IAS 17 *Leases* ("IAS 17"), IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under IFRS 16 is substantially unchanged under IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

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

New definition of a lease

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(a) (continued)

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of IFRS 16

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

Impact on transition

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

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

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

- Using a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relying on its assessment of whether leases are onerous immediately before the date of initial application
- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months at the date of initial application
- Excluding the initial direct costs from the measurement of the right-of-use assets at the date of initial application

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(a) (continued)

Financial impact at 1 January 2019

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

	RMB'000
Assets	
Increase in right-of-use assets	41,585
Increase in total assets	41,585
Liabilities	
Increase in lease liabilities	(41,585)
Increase in total liabilities	(41,585)
Decrease in retained profits	–
Decrease in non-controlling interests	–

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

	RMB'000
Operating lease commitments as at 31 December 2018	67,964
Less: Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31 December 2019	(2,651)
	65,313
Weighted average incremental borrowing rate as at 1 January 2019	6.00%
Discounted operating lease commitments at 1 January 2019	41,585
Lease liabilities as at 1 January 2019	41,585

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

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

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

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

Amendments to IFRS 3	*Definition of a Business*[1]
Amendments to IFRS 9, IAS 39 and IFRS 7	*Interest Rate Benchmark Reform*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
IFRS 17	*Insurance Contracts*[2]
Amendments to IAS 1 and IAS 8	*Definition of Material*[1]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[3]

1 Effective for annual periods beginning on or after 1 January 2020
2 Effective for annual periods beginning on or after 1 January 2021
3 Effective for annual periods beginning on or after 1 January 2022
4 No mandatory effective date yet determined but available for adoption

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

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

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs (continued)

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

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB in December 2015 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

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

Amendments to IAS 1 clarify the criteria for determining whether to classify a liability as current or non-current. The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists. The amendments clarify the situations that are considered settlement of a liability. The new guidance will be effective for annual periods starting on or after 1 January 2022. Early application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

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

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

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

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

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

Business combinations and goodwill

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement

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

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

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

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

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

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

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

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

Related parties

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

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

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

(ii) has significant influence over the Group; or

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties (continued)

or

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

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

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

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

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

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

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

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

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

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

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

	Estimated useful lives	Annual depreciation rates
Buildings	20 years	5%
Motor vehicles	3–4 years	25% to 33%
Office equipment and electronic devices	3–5 years	20% to 33%
Leasehold improvements	3 years	33%

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

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

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

Investment properties

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties (continued)

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

Leases (applicable from 1 January 2019)

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

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

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

Land use rights	20 years
Office buildings	2 to 5 years
Motor vehicles	2 to 5 years
Other equipment	3 to 5 years

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (applicable from 1 January 2019) (continued)

Group as a lessee (continued)

(b) Lease liabilities

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

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

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

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

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

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

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

At the commencement date, the cost of the leased asset is capitalised at the present value of the lease payments and related payments (including the initial direct costs) and presented as a receivable at an amount equal to the net investment in the lease. The finance income of such leases is recognised in profit or loss so as to provide a constant periodic rate of charge over the lease terms.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (applicable from 1 January 2019) (continued)

Group as a lessor (continued)

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

Leases (applicable before 1 January 2019)

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases but are depreciated over their estimated useful lives.

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

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

Properties under development

Properties under development are intended to be held for sale after completion.

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

Properties under development are classified as current assets unless those will not be realised in the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Completed properties held for sale

Completed properties held for sale are stated in the statement of financial position at the lower of cost and net realisable value. Cost is determined by an apportionment of the total costs of land and buildings attributable to the unsold properties. Net realisable value takes into account the price ultimately expected to be realised, less estimated costs to be incurred in selling the properties.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Allocation of property development cost

Land costs are allocated to each unit according to their respective saleable gross floor area ("GFA") to the total saleable GFA. Construction costs relating to units were identified and allocated specifically. Common construction costs have been allocated according to the saleable GFA similar to land costs.

Intangible assets (other than goodwill)

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

Softwares is stated at cost less any impairment loss and is amortised on the straight-line basis over its estimated useful lives of 2 to 5 years.

Investments and other financial assets

Initial recognition and measurement

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Financial assets at fair value through profit or loss

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

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

Derecognition of financial assets

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

- the rights to receive cash flows from the asset have expired; or

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

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

General approach

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

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

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

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Simplified approach

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

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

Financial liabilities

Initial recognition and measurement

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

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

The Group's financial liabilities include interest-bearing bank and other borrowings, corporate bonds and senior notes (collectively called "loans and borrowings"), lease liabilities, trade and bills payables, other payables, and amounts due to related parties.

Subsequent measurement

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

Financial liabilities at amortised cost (loans and borrowings)

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

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

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, joint ventures and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

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

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

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

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 customer obtains the physical possession, or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Consulting services

Consulting services income derived from the provision of support services in connection with development of property projects is recognised when the relevant services are rendered and the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

Revenue from other sources

Rental income

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Interest income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument of the net carrying amount of the financial asset.

Dividend income

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain proportion of these payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

Items included in the financial information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in RMB, which is the Company's functional currency because the Group's principal operations are carried out in the PRC. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of this property and accounts for the contracts as operating leases.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Classification between investment properties and completed properties held for sale

The Group develops properties held for sale and properties held to earn rentals and/or for capital appreciation. Judgement is made by management on determining whether a property is designated as an investment property or a property held for sale. The Group considers its intention for holding the properties at the early development stage of the related properties. During the course of construction, the related properties under construction are accounted for as properties under development included in current assets if the properties are intended for sale after completion, whereas, the properties are accounted for as investment properties under construction included in investment properties if the properties are intended to be held to earn rentals and/or for capital appreciation. Upon completion of the properties, the properties held for sale are transferred to completed properties held for sale and are stated at cost, while the properties held to earn rentals and/or for capital appreciation are transferred to completed investment properties. Investment properties, both under construction and completed, are subject to revaluation at the end of each reporting period.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Judgements (continued)

Classification of subsidiaries, joint ventures and associates

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 over the investee, which involves judgements through the analysis of various factors, including the Group's representation on the chief decision-making authorities of an investee, such as the board of directors' meetings and shareholders' meetings, as well as other facts and circumstances.

Subsidiaries are consolidated, which means each of their assets, liabilities and transactions are included line-by-line in the Group's consolidated financial statements, whereas the interests in joint ventures and associates are equity accounted for as investments in the consolidated statement of financial position.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, and carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are included in note 20 to the financial statements.

Revenue recognition

Revenue from sales of properties 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 Group may not change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the customer and thus the property unit does not have an alternative use to the Group. However, whether there is an enforceable right to payment depends on the terms of sales contract and the interpretation of the applicable laws that applies to the contract. Such determination requires significant judgements.

In assessing whether the Group has an enforceable right to payment for its sales contracts, the Group has obtained legal counsel's opinion regarding the enforceability of the right to payment, including an assessment on the contractual terms as well as any legislation that could supplement or override those contractual terms, and conducted an evaluation of any existence of circumstances that could restrict the Group to enforce its right to payment for specific performance. Management uses judgements, based on legal counsel's opinion, to classify sales contracts into those with right to payment and those without the right. Management will reassess their judgements on a regular basis to identify and evaluate the existence of any circumstances that could affect the Group's enforceable right to payment and the implication on the accounting for sales contracts.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Judgements (continued)

Significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the timing value of money if the timing of payments agreed by the parties to the contract provides the Group with a significant benefit of financing.

Certain advance payments received from customers provide a significant financing benefit to the Group. Although the Group is required by the government to place all deposits and periodic payments received from the pre-completion sales in a stakeholder account, the Group is able to benefit from those advance payments as it can withdraw money from that account to pay for expended construction costs on the project. The advance payments received in effect reduce the Group's need to rely on other sources of financing.

The amount of the financing component is estimated at the inception of the contract. After contract inception, the discount rate is not updated for changes in interest rates or other circumstances, such as a change in credit risk. The period of financing is from the time that the payment is received until the transfer of goods to the customers is completed.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Revenue recognition

The Group recognises property development revenue over time by reference to the progress towards complete satisfaction of the performance obligation at the reporting date. The progress is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of each reporting period as a percentage of total estimated costs for each property unit in the contract.

The Group calculated the cost allocation based on the type of properties, gross and saleable floor areas. Significant judgements and estimations are required in determining the completeness of the estimated total costs and the accuracy of progress towards complete satisfaction of the performance obligation at the reporting date. The Group has a standard monthly cost budgeting and estimate completion process in which management reviews the development progress and execution of the performance obligations. As part of this process, management reviews information including but not limited to, the cost to achieve the schedule. Changes in cost estimates in future periods can affect the Group's revenue recognised. In making the above estimations, the Group relies on past experience and work of contractors and, if appropriate, surveyors.

Provision for properties under development and completed properties held for sale

The Group's properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. Based on the Group's historical experience and the nature of the subject properties, the Group makes estimates of the selling prices, the costs of completion of properties under development, and the costs to be incurred in selling the properties based on prevailing market conditions.

If there is an increase in costs to completion or a decrease in net sales value, the net realisable value will decrease and this may result in a provision for properties under development and completed properties held for sale. Such provision requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

PRC corporate income tax ("CIT")

The Group is subject to corporate income taxes in the PRC. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise.

PRC land appreciation tax ("LAT")

The Group is subject to LAT in the PRC. The provision for LAT is based on management's best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculation and payments with the tax authorities for certain of its property development projects. The final outcome could be different from the amounts that were initially recorded, and any differences will impact on the LAT expenses and the related provision in the period in which the differences realise.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each year. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Estimate of fair value of investment properties

Investment properties carried at fair value were revalued at each reporting date based on the appraised market value provided by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of each year.

4. OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group's business which includes property development and leasing and commercial property management by project locations for the purpose of making decisions about resource allocation and performance assessment, while no single location's revenue, net profit or total assets exceed 10% of the Group's consolidated revenue, net profit or total assets. As the economic characteristics is similar in all the locations, where the nature of property development and leasing and commercial property management is similar, as well as the nature of the aforementioned business processes, the type or class of customer for the aforementioned business and the methods used to distribute the properties or provide the services, and thus all locations were aggregated as one reportable operating segment.

4. OPERATING SEGMENT INFORMATION (continued)

Geographical information

No geographical information is presented as the Group's revenue from the external customers is derived solely from its operation in Mainland China and no non-current assets of the Group are located outside Mainland China.

Information about major customers

No sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue at the end of the reporting period.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2019 RMB'000	2018 RMB'000
Revenue from contracts with customers	**26,975,871**	8,412,897
Revenue from other sources		
Rental income	**9,072**	2,756
	26,984,943	8,415,653

Revenue from contracts with customers

(i) Disaggregated revenue information

	2019 RMB'000	2018 RMB'000
Type of goods or services:		
Sale of properties	**26,806,590**	8,389,269
Consulting services	**169,281**	23,628
Total revenue from contracts with customers	**26,975,871**	8,412,897
Timing of revenue recognition:		
Properties transferred at a point in time	**25,606,195**	6,657,526
Properties transferred over time	**1,200,395**	1,731,743
Consulting services transferred over time	**169,281**	23,628
Total revenue from contracts with customers	**26,975,871**	8,412,897

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2019 RMB'000	2018 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of properties	**25,379,162**	8,197,060

5. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers (continued)

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of properties

For property sales contract for which the control of the property is transferred at a point in time, the performance obligation is satisfied upon delivery of the properties and the Group has already received the payment or has the right to receive the payment probably.

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

Consulting services

For consulting services, the Group recognises revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customer of the Group's performance to date. The Group has elected the practical expedient not to disclose the remaining performance obligations for these types of contracts. The majority of the management consulting service contracts do not have a fixed term. The term of the contracts for pre-delivery and consulting services is generally set to expire when the counterparties notify the Group that the services are no longer required.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2019 RMB'000	2018 RMB'000
Amounts expected to be recognised as revenue:		
Within one year	**27,540,609**	21,136,377
After one year	**16,269,385**	26,581,826
	43,809,994	47,718,203

An analysis of other income and gains is as follows:

	2019 RMB'000	2018 RMB'000
Other income and gains		
Net gains on disposal of subsidiaries *(note 40)*	**72,160**	1,187
Forfeiture of deposits	**21,218**	1,564
Gains on bargain purchase *(note 39)*	**4,987**	–
Government grants	**273**	2,190
Gain on disposal of items of property, plant and equipment	**78**	482
Others	**6,911**	522
	105,627	5,945

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	**2019 RMB'000**	2018 RMB'000
Cost of inventories sold	*22,23*	**18,943,054**	5,266,765
Cost of services provided		**43,352**	5,892
Depreciation of items of property, plant and equipment	*13*	**25,375**	19,435
Depreciation of other right-of-use assets	*15(b)*	**30,255**	–
Amortisation of land use rights	*15(a)*	**770**	–
Amortisation of other intangible assets	*16*	**2,493**	820
Rental expenses	*15(d)*	**12,241**	37,522
Auditors' remuneration		**8,670**	6,164
Impairment losses on financial assets		**(611)**	693
Employee benefit expense (including directors' and chief executive's remuneration *(note 8)*):		**334,526**	213,379
Wages and salaries Pension scheme contributions and social welfare		**60,759**	39,056

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2019 RMB'000	2018 RMB'000
Interest on loans and borrowings	**2,191,382**	1,218,042
Interest on lease liabilities	**4,949**	–
Interest expense arising from revenue contracts	**213,337**	803,381
Total interest expense on financial liabilities not at fair value through profit or loss	**2,409,668**	2,021,423
Less: Interest capitalised	**(1,953,271)**	(1,595,649)
	456,397	425,774

8. DIRECTORS' REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2019 RMB'000	2018 RMB'000
Fees	**99**	–
Other emoluments:		
Salaries, allowances and benefits in kind	**4,081**	3,489
Pension scheme contributions and social welfare	**331**	324
	4,412	3,813
	4,511	3,813

8. DIRECTORS' REMUNERATION (continued)

(a) Independent non-executive directors

Mr. Tam Chi Choi, Mr. Au Yeung Po Fung and Mr. Liu Xin were appointed as independent non-executive directors of the Company on 26 August 2019.

The fees paid to independent non-executive directors during the year were as follows:

	2019 RMB'000	2018 RMB'000
– Mr. Tam Chi Choi	**33**	–
– Mr. Au Yeung Po Fung	**33**	–
– Mr. Liu Xin	**33**	–
	99	–

There was no other emolument payable to the independent non-executive directors during the year (2018: nil).

(b) Executive directors and the chief executive

Mr. Zhang Yuanlin is the chairman and an executive director of the Company. Mr. She Runting was appointed as an executive Director and a vice president on 14 May 2019. Ms. Tu Jing was appointed as an executive director on 14 May 2019.

	Salaries, allowances and benefits in kind RMB'000	**Pension scheme contributions and social welfare RMB'000**	**Total remuneration RMB'000**
2019			
Executive directors:			
– Mr. Zhang Yuanlin	**1,200**	**114**	**1,314**
– Mr. She Runting	**2,352**	**114**	**2,466**
– Ms. Tu Jing	**529**	**103**	**632**
	4,081	**331**	**4,412**

8. DIRECTORS' REMUNERATION (continued)

(b) Executive directors and the chief executive (continued)

	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions and social welfare RMB'000	Total remuneration RMB'000
2018			
Executive directors:			
– Mr. Zhang Yuanlin	1,200	108	1,308
– Mr. She Runting	1,680	108	1,788
– Ms. Tu Jing	609	108	717
	3,489	324	3,813

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one director (2018: one director), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the four (2018: four) highest paid employees who are neither a director nor chief executive of the Company, are as follows:

	2019 RMB'000	2018 RMB'000
Salaries, allowances and benefits in kind	**7,659**	5,945
Pension scheme contributions and social welfare	**434**	431
	8,093	6,376

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2019	2018
Nil to HK$1,000,000	**–**	–
HK$1,000,001 to HK$1,500,000	**–**	–
HK$1,500,001 to HK$2,000,000	**4**	3
HK$2,000,001 to HK$3,000,000	**–**	1
	4	4

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group's subsidiaries incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax. The Group's subsidiaries incorporated in Hong Kong were not liable for income tax as they did not have any assessable profits currently arising in Hong Kong for the year ended 31 December 2019.

Subsidiaries of the Group operating in Mainland China were subject to PRC CIT at a rate of 25% for the year.

LAT 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 land costs, borrowing costs and other property development expenditures. In addition, these subsidiaries in Jiangxi province were subject to LAT which is calculated based on 10% of their revenue in accordance with "No. 1 (2017) Announcement of Jiangxi tax bureau". The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant Mainland China tax laws and regulations. The LAT provision is subject to the final review and approval by the local tax bureau.

	2019 RMB'000	2018 RMB'000
Current tax:		
PRC CIT	**2,649,944**	1,169,488
PRC LAT	**2,325,035**	757,219
Deferred tax *(note 20)*	**(725,229)**	(618,171)
Total tax charge for the year	**4,249,750**	1,308,536

A reconciliation of income tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the income tax expense at the effective income tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate are as follows:

	2019 RMB'000	2018 RMB'000
Profit before tax	**6,264,024**	1,863,489
At the statutory income tax rate	**1,566,006**	465,872
Profits and losses attributable to joint ventures and associates	**(25,437)**	(9,847)
Gain on disposal of subsidiaries	**13,801**	–
Expenses not deductible for tax	**12,503**	19,706
Costs not deductible for tax	**865,753**	137,554
Gain on bargain purchase	**(1,247)**	–
Tax losses and deductible temporary differences utilised from previous years	**(30,785)**	(8,938)
Tax losses not recognised	**105,380**	136,275
Provision for LAT	**2,325,035**	757,219
Tax effect on LAT	**(581,259)**	(189,305)
Tax charge at the Group's effective rate	**4,249,750**	1,308,536

10. INCOME TAX (continued)

The share of tax charge attributable to joint ventures and associates amounted to RMB75,007,000 for the year (2018: RMB1,081,000). The share of tax credit attributable to joint ventures and associates amounting to RMB41,091,000 for the year (2018: RMB15,561,000) is included in "Share of profits and losses of joint ventures and associates" in the consolidated statement of profit or loss.

Tax payable in the consolidated statement of financial position represents:

	2019 RMB'000	2018 RMB'000
PRC CIT payable	**2,793,457**	1,058,917
PRC LAT payable	**2,673,871**	627,396
Total tax payable	**5,467,328**	1,686,313

11. DIVIDENDS

Subsequent to the end of the reporting period, a final dividend for the year 2019 of RMB13 cents per share (to be distributed out of the Company's Share premium account), amounting to a total of approximately RMB464,124,310 has been proposed by the Directors and is subject to approval by the shareholders at the forthcoming annual general meeting. The final dividends have been proposed after the end of the reporting period and therefore has not been recognised as a liability at the end of the reporting period.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,070,516,484 (2018: 2,999,999,100) in issue during the year.

The weighted average number of ordinary shares used to calculate the basic earnings per share amounts for the years ended 31 December 2019 and 2018 was based on 100 shares of the Company as at 18 September 2018, 900 shares of the Company issued in the year ended 17 May 2019, and 2,999,999,000 ordinary shares of the Company issued under the capitalisation issue occurred on 15 November 2019, as if these additional shares issued under the capitalisation issue had been in issue throughout the years ended 31 December 2019 and 2018. On 15 November 2019, the Company issued 529,412,000 new ordinary shares. On 11 December 2019, the over-allotment option has been partially exercised and the Company allotted and issued 40,775,000 additional shares.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2019 and 2018 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2019 and 2018.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (continued)

The calculations of the basic and diluted earnings per share amounts are based on:

	2019 RMB'000	2018 RMB'000
Earnings		
Profit attributable to ordinary equity holders of the parent	**1,957,763**	413,538

	Number of shares	
	2019	2018
Shares		
Weighted average number of ordinary shares in issue during the year	**3,070,516**	2,999,999
Earnings per share		
Basic and diluted	**RMB0.64**	RMB0.14

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Motor vehicles RMB'000	Office equipment and electronic devices RMB'000	Leasehold improvements RMB'000	Total RMB'000
31 December 2019					
At 31 December 2018 and 1 January 2019:					
Cost	70,283	15,589	50,879	19,941	156,692
Accumulated depreciation	(2,111)	(10,672)	(23,728)	(5,841)	(42,352)
Net carrying amount	68,172	4,917	27,151	14,100	114,340
At 31 December 2018,net of accumulated depreciation	68,172	4,917	27,151	14,100	114,340
Effect of adoption of IFRS 16	(14,925)	–	–	–	(14,925)
At 1 January 2019 (restated)	53,247	4,917	27,151	14,100	99,415
Additions	–	–	9,086	8,323	17,409
Disposals	–	–	(467)	–	(467)
Acquisition of subsidiaries *(note 39)*	–	–	880	–	880
Disposal of subsidiaries *(note 40)*	–	(7)	(506)	–	(513)
Depreciation provided during the year *(note 6)*	(2,834)	(1,996)	(12,579)	(7,966)	(25,375)
At 31 December 2019, net of accumulated depreciation	50,413	2,914	23,565	14,457	91,349
At 31 December 2019:					
Cost	54,908	15,589	60,845	28,264	159,606
Accumulated depreciation	(4,495)	(12,675)	(37,280)	(13,807)	(68,257)
Net carrying amount	50,413	2,914	23,565	14,457	91,349

13. PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings RMB'000	Motor vehicles RMB'000	Office equipment and electronic devices RMB'000	Construction in progress RMB'000	Leasehold improvements RMB'000	Total RMB'000
31 December 2018						
At 31 December 2017 and 1 January 2018:						
Cost	40,474	13,491	36,585	30,858	8,677	130,085
Accumulated depreciation	–	(7,957)	(11,757)	–	(1,318)	(21,032)
Net carrying amount	40,474	5,534	24,828	30,858	7,359	109,053
At 1 January 2018, net of accumulated depreciation	40,474	5,534	24,828	30,858	7,359	109,053
Additions	–	2,098	11,894	1,351	11,264	26,607
Transferred	29,809	–	2,400	(32,209)	–	–
Disposals	–	(540)	(1,345)	–	–	(1,885)
Depreciation provided during the year *(note 6)*	(2,111)	(2,175)	(10,626)	–	(4,523)	(19,435)
At 31 December 2018, net of accumulated depreciation	68,172	4,917	27,151	–	14,100	114,340
At 31 December 2018:						
Cost	70,283	15,589	50,879	–	19,941	156,692
Accumulated depreciation	(2,111)	(10,672)	(23,728)	–	(5,841)	(42,352)
Net carrying amount	68,172	4,917	27,151	–	14,100	114,340

As at 31 December 2019, the Group's property, plant and equipment with an aggregate carrying amount of nil (2018: RMB68,172,000) were pledged to secure bank and other borrowings granted to the Group (note 31).

14. INVESTMENT PROPERTIES

	Under construction RMB'000	Completed RMB'000	Total RMB'000
Carrying amount at 1 January 2018	444,000	449,500	893,500
Additions	149,371	–	149,371
Transfer	(9,642)	9,642	–
Net gain from a fair value adjustment	103,271	6,888	110,159
Carrying amount at 31 December 2018 and 1 January 2019	687,000	466,030	1,153,030
Additions	314,454	–	314,454
Transferred from completed properties held for sale *(note 23)*	–	118,930	118,930
Transfer	(343,997)	343,997	–
Net gain from a fair value adjustment	93,343	71,443	164,786
Carrying amount at 31 December 2019	**750,800**	**1,000,400**	**1,751,200**

The Group's investment properties are situated in Mainland China. The Group's investment properties were revalued on 31 December 2019 based on valuations performed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited (JLL), an independent professionally qualified valuer, at RMB1,751,200,000, (2018: based on valuations performed by Cushman & Wakefield Limited ("C&W") at RMB1,153,030,000). The Group's senior finance manager and the chief financial officer decide, after approval from the board of directors of the Company, to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's senior finance manager and the chief financial officer have discussions with the valuer on the valuation assumptions and valuation results when the valuation is performed for financial reporting.

As at 31 December 2019, the Group's investment properties with an aggregate carrying amount of approximately RMB750,800,000 (2018: RMB416,067,000) were pledged to secure bank and other borrowings granted to the Group (note 31).

14. INVESTMENT PROPERTIES (continued)

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December 2019 using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Recurring fair value measurement for:				
Commercial properties under construction	–	–	**1,000,400**	**1,000,400**
completed	–	–	**750,800**	**750,800**
	–	–	**1,751,200**	**1,751,200**

	Fair value measurement as at 31 December 2018 using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Recurring fair value measurement for:				
Commercial properties under construction	–	–	687,000	687,000
completed	–	–	466,030	466,030
	–	–	1,153,030	1,153,030

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2018: Nil).

14. INVESTMENT PROPERTIES (continued)

Fair value hierarchy (continued)

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation techniques	Significant unobservable inputs	Range or weighted average 31 December 2019	2018
Completed commercial properties	Income approach	Estimated rental value (per square metre and per month)	**RMB60-130**	RMB57-129
		Capitalisation rate	**4.0%**	4.0%
Commercial properties under construction	Cost method	Unit accommodation price (RMB per sq.m.)	**RMB1,948-2,733**	RMB1,750-2,416
		Expected gross margin	**20-25%**	20-25%

The fair value of completed commercial properties was determined using the income approach by taking into account the rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the fair value at an appropriate capitalisation rate. Where appropriate, reference to the comparable sales transactions as available in the relevant market has also been considered.

A significant increase (decrease) in the estimated rental value would result in a significant increase (decrease) in the fair value of the investment properties. A significant increase (decrease) in the capitalisation rate would result in a significant decrease (increase) in the fair value of the investment properties.

The fair value of commercial properties under construction was determined using the cost method with reference to the market value of land use right plus the construction cost incurred so far.

The higher market value of land use right would result in the higher fair value of the investment properties under construction. The higher expected gross margin/market value of land use right would result in the higher fair value of the investment properties under construction.

15. LEASES

The Group as a lessee

The Group has lease contracts for various items of office buildings, motor vehicles and other equipment used in its operations. Leases of office buildings generally have lease terms between 1 and 6 years, while motor vehicles generally have lease terms between six months and 3 years. Other equipment generally has lease terms of 12 months or less and/or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

(a) Right-of-use assets – Land use rights

	31 December 2019 RMB'000
Carrying amount at beginning of the year	14,925
Amortisation provided during the year	(770)
Carrying amount at end of the year	14,155

(b) Other right-of-use assets

The carrying amounts of the Group's other right-of-use assets and the movements during the year are as follows:

	Office Buildings RMB'000	Motor vehicles RMB'000	Other equipment RMB'000	Total RMB'000
As at 1 January 2019	41,080	–	505	41,585
Additions	44,262	310	809	45,381
Depreciation charge *(note 6)*	(29,413)	(103)	(739)	(30,255)
As at 31 December 2019	55,929	207	575	56,711

(c) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	Lease liabilities RMB'000
Carrying amount at 1 January 2019	41,585
New leases	45,381
Accretion of interest recognised during the year	4,949
Payments	(31,803)
Carrying amount at 31 December 2019	60,112
Analysed into:	
Current portion	30,629
Non-current portion	29,483

The maturity analysis of lease liabilities is disclosed in note 46 to the financial statements.

15. LEASES (continued)

The Group as a lessee (continued)

(d) The amounts recognised in profit or loss in relation to leases are as follows:

	2019 RMB'000
Interest on lease liabilities	**4,949**
Depreciation charge of right-of-use assets	**30,255**
Expense relating to leases of low-value assets	**12,241**
Total amount recognised in profit or loss	**47,445**

(e) The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced are disclosed in notes 37(c) and 42, respectively, to the financial statements.

The Group as a lessor

The Group leases its investment properties (note 14) consisting of five commercial properties in mainland China under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB9,072,000 (2018: RMB2,756,000), details of which are included in note 5 to the financial statements.

At 31 December 2019, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2019 RMB'000	2018 RMB'000
Within one year	**7,763**	7,209
After one year but within two years	**7,763**	6,759
After two years but within three years	**7,763**	6,759
After three years but within four years	**7,763**	6,759
After one year but within five years	**7,763**	6,759
After five years	**110,603**	94,475
	149,418	128,720

16. INTANGIBLE ASSETS

Software

	2019 RMB'000	2018 RMB'000
At 1 January 2019		
Cost	**7,472**	7,013
Accumulated amortisation	**(1,561)**	(741)
Cost at 1 January, net of accumulated amortisation	**5,911**	6,272
Additions	**21,829**	459
Disposal of subsidiaries *(note 40)*	**(51)**	–
Amortisation provided during the year *(note 6)*	**(2,493)**	(820)
At 31 December	**25,196**	5,911
Cost	**29,301**	7,472
Accumulated amortisation	**(4,105)**	(1,561)
Net carrying amount	**25,196**	5,911

17. INVESTMENTS IN JOINT VENTURES

	2019 RMB'000	2018 RMB'000
Share of net assets	**5,992,646**	3,866,086

The Group's receivable and payable balances with joint ventures are disclosed in note 43 to the financial statements.

(a) Particulars of the Group's material joint venture are as follows:

Name of companies	Place and year of registration	Nominal value of registered share capital RMB'000	Statutory percentage of ownership interest attributable to the Group	Principal activities
Jiangxi Baixing Real Estate Investment Co., Ltd. 江西百興房地產投資有限公司	Nanchang, PRC 2002	50,000	60.00%	Property development
Wuhan Furui Decheng Real Estate Development Co., Ltd. 武漢福瑞德成房地產開發有限公司	Wuhan, PRC 2016	550,000	50.70%	Property development
Ezhou Jiayu Real Estate Development Co., Ltd. 鄂州市嘉裕房地產發展有限公司	Ezhou, PRC 2013	50,000	49.00%	Property development
Jiangxi Xinyue Honglan Real Estate Development Co., Ltd. 江西新越弘嵐房地產開發有限公司	Nanchang, PRC 2019	650,000	51.00%	Property development
Nanchang Jianmei Real Estate Co., Ltd. 南昌建美房地產有限公司	Nanchang, PRC 2017	10,000	19.00%	Property development
Jiangxi Dongyi Properties Co., Ltd. 江西東屹置業有限公司	Nanchang, PRC 2019	50,000	50.00%	Property development

Pursuant to the investment framework agreement and the articles of association of these companies, all shareholder resolutions of these companies shall be resolved by all shareholders on a unanimous basis. Therefore, these companies were accounted for as joint ventures of the Group during the year.

17. INVESTMENTS IN JOINT VENTURES (continued)

(b) Jiangxi Baixing Real Estate Investment Co., Ltd. ("Jiangxi Baixing")

The Group accounts for its investment in Jiangxi Baixing as a joint venture although the Group holds 60% of equity interests of this entity. According to the articles of association and the contract between the Group and the other equity interest holders of Jiangxi Baixing (the "Contract A"), the Group does not have control over Jiangxi Baixing.

According to the profit-sharing arrangement stated in the Contract A, the Group has control over some specified assets of Jiangxi Baixing and is entitled to the returns from these specified assets. These specified assets are the only source of payment for the specified liabilities as stipulated in the Contract A. However, the abovementioned specified assets, liabilities and equity in the Contract A are not legally ring-fenced from the overall investee. There is a possibility that the specified assets could be used to meet liabilities of the rest of the investee. Therefore, in the opinion of the Directors, such arrangement does not qualify the concept of "deemed separate entity" as stated in IFRS 10.

The following table illustrates the summarised financial information of Jiangxi Baixing attributable to the Group according to the profit-sharing terms under the Contract A:

	2019 RMB'000	2018 RMB'000
Cash and cash equivalents	**232**	41,723
Other current assets	**3,623,410**	4,774,420
Current assets	**3,623,642**	4,816,143
Non-current assets	**63,058**	33,447
Financial liabilities, excluding trade and other payables	**(40,000)**	–
Other current liabilities	**(3,305,267)**	(4,453,115)
Current liabilities	**(3,345,267)**	(4,453,115)
Non-current liabilities	**(40,000)**	(170,000)
Carrying amount of the investment	**301,433**	226,475
Revenue	**605,987**	457,178
Expenses	**(411,329)**	(367,910)
Tax	**(107,701)**	(65,103)
Profit for the year	**86,957**	24,165
Total comprehensive income for the year	**86,957**	24,165

17. INVESTMENTS IN JOINT VENTURES (continued)

(c) Wuhan Furui Decheng Real Estate Development Co., Ltd. ("Wuhan Furui Decheng")

The Group accounts for its investment in Wuhan Furui Decheng as a joint venture although the Group holds 50.70% of equity interests of this entity. According to the articles of association and the contract between the Group and the other equity interest holders of Wuhan Furui Decheng (the "Contract B"), the Group does not have control over Wuhan Furui Decheng.

According to the profit-sharing arrangement stated in the Contract B, the Group has control over some specified assets of Wuhan Furui Decheng and is entitled to the returns from these specified assets. These specified assets are the only source of payment for the specified liabilities as stipulated in the Contract B. However, the abovementioned specified assets, liabilities and equity in the Contract B are not legally ring-fenced from the overall investee. There is a possibility that the specified assets could be used to meet liabilities of the rest of the investee. Therefore, in the opinion of the Directors, such arrangement does not qualify the concept of "deemed separate entity" as stated in IFRS 10.

The following table illustrates the summarised financial information of Wuhan Furui Decheng attributable to the Group according to the profit-sharing terms under the Contract B:

	2019 RMB'000	2018 RMB'000
Cash and cash equivalents	**59,481**	111,619
Other current assets	**9,329,912**	6,526,264
Current assets	**9,389,393**	6,637,883
Non-current assets	**67,305**	335
Other current liabilities	**(5,023,662)**	(3,455,444)
Current liabilities	**(5,023,662)**	(3,455,444)
Non-current liabilities	**(401,754)**	(10,000)
Carrying amount of the investment	**4,031,282**	3,172,774
Revenue	**–**	163
Expenses	**(43,726)**	(25,406)
Tax	**67,058**	–
Profit/(loss) for the year	**23,332**	(25,243)
Total comprehensive income/(loss) for the year	**23,332**	(25,243)

(d) Ezhou Jiayu Real Estate Development Co., Ltd. ("Ezhou Jiayu")

Ezhou Jiayu was considered a material associate of the Group during the year ended 31 December 2018, which co-developed property development projects with the other associate partners in Mainland China and was accounted for using the equity method.

According to the articles of association and the contract between the Group and the other shareholder of Ezhou Jiayu (the "Contract C"), the Group has control over some specified assets of Ezhou Jiayu and is entitled to the returns from these specified assets. These specified assets are the only source of payment for the specified liabilities as stipulated in the Contract C. However, the abovementioned specified assets, liabilities and equity in the Contract C are not legally ring-fenced from the overall investee. There is a possibility that the specified assets could be used to meet liabilities of the rest of the investee. Therefore, in the opinion of the Directors, such arrangement does not qualify the concept of "deemed separate entity" as stated in IFRS 10.

17. INVESTMENTS IN JOINT VENTURES (continued)

(d) Ezhou Jiayu Real Estate Development Co., Ltd. ("Ezhou Jiayu") (continued)

The following table illustrates the summarised financial information in respect of Ezhou Jiayu, adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	2018 RMB'000
Cash and cash equivalents	20,905
Other current assets	358,973
Current assets	379,878
Current liabilities	(20,028)
Carrying amount of the investment	359,850
Revenue	–
Expense	(150)
Tax	–
Loss for the year	(150)
Total comprehensive loss for the year	(150)

(e) The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2019 **RMB'000**	2018 RMB'000
Share of the joint ventures' loss and total comprehensive income for the year	**(48,032)**	(8,238)
Adjustment for unrealised profits and losses from related party transactions	**(16,285)**	–
Aggregate carrying amount of the Group's investments in the joint ventures	**1,659,931**	106,987

The directors of the Company are of the opinion that no provision for impairment is necessary as at 31 December 2019 as the investments in joint ventures are considered fully recoverable (2018: Nil). The joint ventures have been accounted for using the equity method in these financial statements.

18. INVESTMENTS IN ASSOCIATES

	2019 RMB'000	2018 RMB'000
Share of net assets	**7,231,927**	708,072

The Group's receivable and payable balances with associates are disclosed in note 43 to the financial statements.

(a) Particulars of the Group's material associates are as follows:

Name of companies	Place and year of registration	Nominal value of registered share capital '000	Statutory percentage of ownership interest attributable to the Group	Principal activities
Qingyuan Tianhe Real Estate Co., Ltd. 清遠天河房地產有限公司	Qingyuan, PRC 2005	RMB12,032	31.50%	Property development
Nanchang Weiting Properties Co., Ltd. *(note)* 南昌市威汀置業有限公司	Nanchang, PRC 2013	RMB10,000	50.00%	Property development
Jiangxi Qiunianxing Industrial Co., Ltd. 江西秋念星實業有限公司	Nanchang, PRC 2019	RMB1,400,000	49.00%	Property development
Jiangxi Quanshimu Industrial Co., Ltd. 江西泉石木實業有限公司	Nanchang, PRC 2019	RMB1,400,000	49.00%	Property development
Wenzhou Jin'an Properties Co., Ltd. 溫州錦安置業有限公司	Wenzhou, PRC 2019	RMB2,000,000	49.00%	Property development
Shanghai Yuhong Corporate Management Co., Ltd. 上海弘禦企業管理有限公司	Shanghai, PRC 2019	RMB2,000,000	49.00%	Rental and business service
Shanxi Jiazhaoye Silu Investment Co., Ltd. 陜西佳兆業絲路總部投資有限公司	Xi'an, PRC 2018	RMB100,000	49.00%	Rental and business service
Shanghai Kaique Corporate Management Co., Ltd. 上海凱闕企業管理有限公司	Shanghai, PRC 2019	RMB2,000,000	49.00%	Rental and business service
Nanchang Dimei Real Estate Development Co., Ltd. 南昌市地美房地產開發有限公司	Nanchang, PRC 2019	RMB900,000	40.00%	Property development
Shanghai Lianyou Properties Co., Ltd. 上海聯友置業有限公司	Shanghai, PRC 2018	RMB800,000	49.00%	Property development

Note: Pursuant to the articles of association, the Group only has significant influence on these entities as the other shareholder of each of these entities has the enough voting power to control and operate these entities. Thus, these entities are accounted for as associates by the Group by holding 50% of equity interests in them.

18. INVESTMENTS IN ASSOCIATES (continued)

(b) Nanchang Weiting Properties Co., Ltd. ("Nanchang Weiting")

Nanchang Weiting is considered a material associate of the Group for the year ended 31 December 2019, which co-develops a property development project with other associate partners in Mainland China and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Nanchang Weiting, adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	2019 RMB'000	2018 RMB'000
Cash and cash equivalents	**3,420**	4,878
Other current assets	**530,516**	947,586
Current assets	**533,936**	952,464
Non-current assets	**557,711**	49,909
Other current liabilities	**(232,257)**	(396,582)
Current liabilities	**(232,257)**	(396,582)
Non-current liabilities	**(353,770)**	(242,480)
Net assets	**505,620**	363,311
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	**50%**	50%
Group's share of net assets of the associate	**252,810**	181,656
Carrying amount of the investment	**252,810**	181,656
Revenue	**24,676**	483,556
Expenses	**(35,201)**	(402,141)
Fair value gains on investment properties	**200,279**	–
Tax	**(47,444)**	(9,618)
Profit for the year	**142,310**	71,797
Total comprehensive income for the year	**142,310**	71,797

(c) Nanchang Lizhou Properties Co., Ltd. ("Nanchang Lizhou") and Qingyuan Tianhe Real Estate Co., Ltd. ("Qingyuan Tianhe")

Nanchang Lizhou and Qingyuan Tianhe were considered material associates of the Group during the year ended 31 December 2018, which co-developed property development projects with the other associate partners in Mainland China and were accounted for using the equity method.

18. INVESTMENTS IN ASSOCIATES (continued)

(c) Nanchang Lizhou Properties Co., Ltd. ("Nanchang Lizhou") and Qingyuan Tianhe Real Estate Co., Ltd. ("Qingyuan Tianhe") (continued)

The following table illustrates the summarised financial information in respect of Nanchang Lizhou and Qingyuan Tianhe adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	Nanchang Lizhou 2018 RMB'000	Qingyuan Tianhe 2018 RMB'000
Cash and cash equivalents	1,839	23,565
Other current assets	606,109	753,360
Current assets	607,948	776,925
Non-current assets	14,388	68
Current liabilities	(356,463)	–
Non-current financial liabilities, excluding trade and other payables	–	(230,000)
Net assets	265,873	546,993
Reconciliation to the Group's interests in the associate:		
Proportion of the Group's ownership	20%	45%
Group's share of net assets of the associate	53,175	246,147
Carrying amount of the investment	53,175	246,147
Revenue	559,752	–
Expenses	(346,878)	(1,850)
Tax	(82,822)	–
Profit/(loss)for the year	130,052	(1,850)
Total comprehensive income for the year	130,052	(1,850)

(d) The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2019 RMB'000	2018 RMB'000
Share of the associates' profit or loss and total comprehensive income	**(31,662)**	(12,222)
Adjustment for unrealised profits and losses from related party transactions	**(717)**	–
Aggregate carrying amount of the Group's investments in the associates	**6,979,117**	227,094

The directors of the Company are of the opinion that no provision for impairment is necessary as at 31 December 2019 as the investments in associates are considered fully recoverable (2018: Nil). The associates have been accounted for using equity method in these financial statements.

19. LONG-TERM DEBT INVESTMENTS

	2019 RMB'000	2018 RMB'000
Debt investments	–	879,884
Less: Impairment	–	(880)
	–	879,004
Less: Portion classified as current assets	–	(314,942)
Non-current portion	–	564,062

Long-term debt investments are recorded in the amortised cost less allowance for impairment.

The movements in provision for long-term debt investments are as follows:

	2019 RMB'000	2018 RMB'000
At the beginning of the year	**880**	741
Impairment losses recognised	–	139
Impairment losses reversed	**(880)**	–
	–	880

The internal credit rating of long-term debt investments was regarded as the grade of performing.

The Group has assessed that the credit risk of the long-term debt investments has not increased significantly since initial recognition. The expected loss rate of the long-term debt investments is assessed to be 0.1%. The Group has evaluated the expected loss rate and gross carrying amount, measured the impairment based on the 12-month expected credit losses, and assessed that the expected credit losses were RMB880,000 as at 31 December 2018.

20. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

	Right-of-use assets RMB'000	Fair value adjustments arising from financial assets at FVTPL RMB'000	Fair value adjustments arising from financial liabilities at FVTPL RMB'000	Losses available for offsetting against future taxable profits RMB'000	Expenses for offsetting against future taxable profits RMB'000	Impairment of assets RMB'000	Unrealised revenue in contract liabilities RMB'000	Accrued LAT RMB'000	Total RMB'000
At 1 January 2018	–	–	2	90,681	82,418	6,085	944,115	63,767	1,187,068
Deferred tax (charged)/credited to profit or loss during the year *(note 10)*	–	–	(2)	2,559	(20,333)	(298)	688,944	93,082	763,952
Gross deferred tax assets at 31 December 2018	–	–	–	93,240	62,085	5,787	1,633,059	156,849	1,951,020
Effect of adoption of IFRS 16	14,864	–	–	–	–	–	–	–	14,864
At 1 January 2019 (restated)	14,864	–	–	93,240	62,085	5,787	1,633,059	156,849	1,965,884
Disposal of subsidiaries *(note 40)*	–	–	–	–	–	–	(89,290)	–	(89,290)
Deferred tax (charged)/credited to profit or loss during the year *(note 10)*	(2,841)	2,817	–	155,707	224,537	(1,749)	(415,861)	511,618	474,228
At 31 December 2019	**12,023**	**2,817**	**–**	**248,947**	**286,622**	**4,038**	**1,127,908**	**668,467**	**2,350,822**

Deferred tax liabilities

	Fair value adjustments arising from financial assets at FVTPL RMB'000	Fair value adjustments arising from financial liabilities at FVTPL RMB'000	Fair value adjustments arising from investment properties RMB'000	Fair value adjustments arising from business combinations RMB'000	Recognition of revenue over time RMB'000	Lease liabilities RMB'000	Total RMB'000
At 31 December 2017 and 1 January 2018	–	–	41,702	182,792	48,794	–	273,288
Deferred tax credited/(charged) to profit or loss during the year *(note 10)*	4,715	58	27,540	(10,551)	124,019	–	145,781
Gross deferred tax liabilities at 31 December 2018	4,715	58	69,242	172,241	172,813	–	419,069
Effect of adoption of IFRS 16	–	–	–	–	–	14,864	14,864
At 31 December 2018 and at 1 January 2019 (restated)	4,715	58	69,242	172,241	172,813	14,864	433,933
Acquisition of subsidiaries *(note 39)*	–	–	–	124,788	–	–	124,788
Disposal of subsidiaries *(note 40)*	–	–	–	–	(9,085)	–	(9,085)
Deferred tax credited to profit or loss during the year *(note 10)*	(3,387)	30	41,197	(169,428)	(115,890)	(3,523)	(251,001)
At 31 December 2019	**1,328**	**88**	**110,439**	**127,601**	**47,838**	**11,341**	**298,635**

20. DEFERRED TAX (continued)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position amounting to RMB188,081 (2018: RMB298,762). The following is an analysis of the deferred tax balances for financial reporting purposes:

	2019 RMB'000	2018 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	**2,162,741**	1,652,258
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(110,554)**	(120,307)

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

As at 31 December 2019, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors of the Company, the Group's fund will be retained in Mainland China for the expansion of the Group's operation, so it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB4,808,767,000 (2018: RMB4,583,818,000).

Deferred tax assets have not been recognised in respect of the following items:

	2019 RMB'000	2018 RMB'000
Tax losses	**247,652**	173,057

Tax losses not recognised expires as follows:

	2019 RMB'000	2018 RMB'000
2022	**110,992**	147,128
2023	**458,096**	545,100
2024	**421,520**	–
Tax losses	**990,608**	692,228

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019 RMB'000	2018 RMB'000
Listed equity investments, at fair value	**281,795**	64,867

The above equity investments at 31 December 2019 were classified as financial assets at fair value through profit or loss as they were held for trading.

At 31 December 2019, the Group's financial assets at fair value through profit or loss with an aggregate carrying amount of approximately RMB105,678,000 (2018:Nil) were pledged to secure bank and other borrowings granted to the Group (note 31).

22. PROPERTIES UNDER DEVELOPMENT

	2019 RMB'000	2018 RMB'000
Carrying amount at 1 January	**43,560,301**	28,340,270
Additions	**24,506,355**	22,769,382
Transferred to completed properties held for sale *(note 23)*	**(17,382,283)**	(6,582,373)
Acquisition of subsidiaries *(note 39)*	**1,860,827**	–
Disposal of subsidiaries *(note 40)*	**(2,773,657)**	–
Transferred to cost of inventories sold *(note 6)*	**(863,237)**	(966,978)
Carrying amount at 31 December	**48,908,306**	43,560,301

The Group's properties under development are situated on leasehold lands in Mainland China.

At 31 December 2019, the Group's properties under development with an aggregate carrying amount of approximately RMB25,636,686,000 (2018: RMB17,316,129,000) were pledged to secure bank and other borrowings granted to the Group (note 31).

At 31 December 2019, the Group's properties under development with amounts of nil (2018: RMB2,580,844,000) have been pledged to secure bank and other borrowings granted to related parties.

At 31 December 2019, the Group's properties under development with amounts of nil (2018: RMB1,627,905,000) have been pledged to secure bank and other borrowings granted to a third party (note 41).

The value of properties under development is assessed at the end of the reporting period. An impairment exists when the carrying value exceeds its recoverable amount, which is the higher of its fair value less costs of disposal. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset.

23. COMPLETED PROPERTIES HELD FOR SALE

	2019 RMB'000	2018 RMB'000
Carrying amount at 1 January	**4,094,399**	1,811,813
Disposal of subsidiaries *(note 40)*	**(395,952)**	–
Transferred from properties under development *(note 22)*	**17,382,283**	6,582,373
Transferred to investment properties *(note 14)*	**(118,930)**	–
Transferred to cost of sales *(note 6)*	**(18,079,817)**	(4,299,787)
Carrying amount at 31 December	**2,881,983**	4,094,399

As at 31 December 2019, the Group's completed properties held for sale with an aggregate carrying amount of approximately RMB678,006,000 (2018: RMB1,538,211,000) were pledged to secure bank and other borrowings granted to the Group (note 31).

The value of completed properties held for sale is assessed at the end of each reporting period. An impairment exists when the carrying value exceeds its recoverable amount, which is the higher of its fair value less costs of disposal. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset.

24. TRADE RECEIVABLES

	2019 RMB'000	2018 RMB'000
Trade receivables	**20,893**	–
Impairment	**(21)**	–
	20,872	–

Trade receivables mainly represent consulting receivables from third parties and rentals receivable from tenants. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

Trade receivables are unsecured and non-interest-bearing. The carrying amounts of trade receivables approximate to their fair values. An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	2019 RMB'000	2018 RMB'000
Less than 1 year	**20,872**	
Over 1 year	**–**	–
	20,872	–

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision 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 loss rate of trade receivables is assessed to be 0.1%. The Group has evaluated the expected loss rate and gross carrying amount, measured the impairment based on the 12-month expected credit losses, and assessed that the expected credit losses were RMB21,000 as at 31 December 2019 (2018: nil).

25. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2019 RMB'000	2018 RMB'000
Receivables from disposal of subsidiaries	**183,000**	–
Prepayments for acquisition of land use rights	**762,933**	1,713,863
Prepaid taxes and other tax recoverables	**1,657,492**	1,277,833
Prepayments for construction cost	**135,712**	128,758
Deposits for land auction	**50,602**	285,125
Other deposits *(note)*	**706,001**	896,467
Due from non-controlling shareholders of the subsidiaries	**29,769**	18,977
Interest receivable	**–**	99,894
Prepayment for commission	**252,667**	–
Other receivables	**278,212**	138,980
	4,056,388	4,559,897
Impairment	**(1,321)**	(1,073)
	4,055,067	4,558,824

The movements in provision for impairment of receivables are as follows:

	2019 RMB'000	2018 RMB'000
At the beginning of the year	**1,073**	519
Impairment losses recognised *(note 6)*	**248**	554
At the end of the year	**1,321**	1,073

Note: Other deposits include deposits for wall materials, migrant workers' deposits and deposits made to general contractors subject to the construction agreements, etc.

Prepayments, other receivables and other assets are unsecured, non-interest-bearing and have no fixed terms of repayment.

The internal credit rating of amounts due from non-controlling shareholders of subsidiaries, amounts due from third parties and other deposits were regarded as the grade of performing. The Group has assessed that the credit risk of these receivables has not increased significantly since initial recognition. The expected loss rate of these receivables is assessed to be 0.1%. The Group has evaluated the expected loss rate and gross carrying amount, measured the impairment based on the 12-month expected credit losses, and assessed that the expected credit losses were RMB1,321,000 as at 31 December 2019 (2018: RMB1,073,000).

26. OTHER NON-CURRENT ASSETS

	2019 RMB'000	2018 RMB'000
Prepayments for equity investments	**849,800**	1,201,085
Deferred commission for external agents	**184,322**	455,463
	1,034,122	1,656,548

27. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND PLEDGED DEPOSITS

	2019 RMB'000	2018 RMB'000
Cash and bank balances	**16,598,569**	10,065,566
Less: Restricted cash	**5,749,309**	2,623,147
Pledged deposits	**290,522**	358,899
Cash and cash equivalents	**10,558,738**	7,083,520

Pursuant to relevant regulations in the PRC, certain property development companies of the Group are required to place certain amounts of cash in the designated bank accounts for a specified use. As at 31 December 2019, such restricted cash amounted to RMB3,806,383,000 (2018: RMB2,623,126,000). As at 31 December 2019, restricted cash included time deposits amounting to RMB1,718,390,000 (2018: nil), which would mature in more than three months when acquired by the Group and earn interest at the time deposit rates. As at 31 December 2019, restricted cash included construction loan mortgage amounting to RMB224,353,000 (2018: RMB14,000). As at 31 December 2019, the restricted cash amounting to RMB183,000 was frozen by the People's court due to lawsuits (2018: RMB7,000) (note 31).

As at 31 December 2019, bank deposits of RMB261,574,000 (2018: RMB327,284,000) were pledged as security for purchasers' mortgage loans, construction of projects, or pledged to banks as collateral for issuance of bank acceptance notes. As at 31 December 2019, bank deposits of RMB28,948,000 were pledged as security for bank and other borrowings (2018: RMB31,615,000) (note 31).

	2019 RMB'000	2018 RMB'000
Cash and cash equivalents:		
Denominated in RMB	**9,772,241**	7,042,201
Denominated in US$	**30,470**	–
Denominated in HK$	**756,027**	41,319
	10,558,738	7,083,520

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

As at 31 December 2019, the internal credit rating of restricted cash, pledged deposits and cash and cash equivalents were regarded as the grade of performing. The Group has assessed that the credit risk of the restricted cash, pledged deposits and cash and cash equivalents has not increased significantly since initial recognition and measured the impairment based on 12-month expected credit losses, and has assessed that the expected credit losses are immaterial.

28. TRADE AND BILLS PAYABLES

An ageing analysis of the Group's trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2019 RMB'000	2018 RMB'000
Within 1 year	**5,434,386**	3,095,914
Over 1 year	**22,810**	46,348
	5,457,196	3,142,262

Trade and bills payables are unsecured and are normally settled based on the progress of construction.

29. OTHER PAYABLES AND ACCRUALS

	2019 RMB'000	2018 RMB'000
Outstanding consideration for assets acquisition	**2,198,913**	3,051,198
Interest payable	**149,557**	328,965
Deposits related to sales of properties	**88,565**	155,116
Other tax and surcharges	**475,733**	99,137
Maintenance fund	**120,920**	75,244
Payroll and welfare payable	**69,940**	48,468
Retention deposits related to construction	**51,825**	39,632
Commission payable	**19,934**	23,815
Due to non-controlling shareholders of subsidiaries	**204,249**	4,598
Others	**90,950**	72,405
	3,470,586	3,898,578

Other payables and advances from non-controlling shareholders of subsidiaries are unsecured, non-interest-bearing and repayable on demand. The fair values of other payables as at the end of year approximated to their corresponding carrying amounts.

30. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

	2019 RMB'000	2018 RMB'000
Sales of properties	**34,231,211**	40,196,400

The Group receives payments from customers based on billing schedules as established in the property sales. Payments are usually received in advance of the performance under the contracts which are mainly from property development.

31. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2019			2018		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans – secured	–	–	–	8.00	2019	50,000
Other loans – secured	9.00-15.50	2020	2,357,686	8.00-16.00	2019	2,713,907
Other loans – unsecured	8.00-12.00	2020	741,242	–	–	–
Current portion of long term bank loans – secured	5.46-10.26	2020	3,550,410	6.30-10.00	2019	3,107,694
Current portion of long term other loans – secured	10.00-15.46	2020	3,559,585	9.50-15.10	2019	3,353,363
			10,208,923			9,224,964
Non-current						
Bank loans – secured	5.23-10.26	2021-22	7,823,160	5.23-9.50	2020-21	5,914,494
Other loans – secured	5.70-15.50	2021-22	6,698,115	9.20-15.46	2020	6,371,246
			14,521,275			12,285,740
			24,730,198			21,510,704

	2019 RMB'000	2018 RMB'000
Analysed into:		
Bank loans repayable		
Within one year	3,550,410	3,157,694
In the second year	4,513,400	4,516,794
In the third to fifth years, inclusive	3,309,760	1,397,700
	11,373,570	9,072,188
Other borrowings repayable		
Within one year	6,658,513	6,067,270
In the second year	6,483,115	6,371,246
In the third to fifth years, inclusive	215,000	–
	13,356,628	12,438,516
	24,730,198	21,510,704

The Group's borrowings are denominated in RMB as at 31 December 2019.

31. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

Certain of the Group's bank and other borrowings are secured by the pledges of the following assets with carrying values at the end of the reporting period as follows:

	2019 **RMB'000**	2018 RMB'000
Financial assets at fair value through profit or loss *(note 21)*	**105,678**	–
Investment properties *(note 14)*	**750,800**	416,067
Properties under development *(note 22)*	**25,636,686**	17,316,129
Property, plant and equipment *(note 13)*	**–**	68,172
Completed properties held for sale *(note 23)*	**678,006**	1,538,211
Pledged deposits *(note 27)*	**28,948**	31,615

The management of the Company has assessed that the fair values of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the fact that such borrowings were made between the Group and independent third party financial institutions based on prevailing market interest rates.

As at 31 December 2019, a third party 江西山葉實業有限公司 ("Jiangxi Shanye Industrial Co., Ltd.") has pledged its 100% shares in 襄陽新城悅隆房地產開發有限公司 ("Xiangyang Xincheng Yuelong Real Estate Development Co., Ltd.") for certain of the Group's bank and other borrowings up to RMB480,000,000 (2018: nil). The above-mentioned bank and other borrowings were also secured by Xiangyang Xincheng Yuelong Real Estate Development Co., Ltd.'s properties under development.

As at 31 December 2019, a third party 南京紅太陽房地產開發有限公司 ("Nanjing Red Sun Properties Co., Ltd.") has guaranteed certain of the Group's bank loans up to RMB225,000,000 (2018: nil).

As at 31 December 2019, a third party 平潭鼎新房地產發展有限公司 ("Pingtan Dingxin Development Co., Ltd.") has guaranteed certain of the Group's bank loans up to RMB28,000,000 (2018: nil).

As at 31 December 2018, 新力科技集團有限公司 ("Sinic Technology Group Co., Ltd.") has pledged with RMB1,620,000,000 as deposits for certain of the Group's bank and other borrowings up to RMB1,529,407,000 (2019: nil).

As at 31 December 2018, Mr. Zhang Yuanlin, the Controlling Shareholder of the Group, has guaranteed certain of the bank and other borrowings up to RMB1,764,700,000 (2019: nil).

As at 31 December 2018, the Controlling Shareholder and Ms. Wu Chengping have guaranteed certain of the bank and other borrowings up to RMB3,763,516,000 (2019: nil).

As at 31 December 2018, the Controlling Shareholder, Ms. Wu Chengping, Mr. Shen Linghua and Ms Ouyang Hongli have guaranteed certain of the bank and other borrowings up to RMB2,690,880,000 (2019: nil).

As at 31 December 2018, the Controlling Shareholder, Ms. Wu Chengping and Sinic Technology Group Co., Ltd. have guaranteed certain of the bank and other borrowings up to RMB3,626,493,000 (2019: nil).

As at 31 December 2018, the Controlling Shareholder, Ms. Wu Chengping, Mr. Shen Linghua, Ms. Ouyang Hongli and Sinic Technology Group Co., Ltd. have guaranteed certain of the bank and other borrowings up to RMB700,000,000 (2019: nil).

31. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

As at 31 December 2018, Sinic Technology Group Co., Ltd. has guaranteed certain of the bank and other borrowings up to RMB1,779,407,000 (2019: nil).

As at 31 December 2018, the Controlling Shareholder, Ms. Wu Chengping and 武漢正和置業有限公司 ("Wuhan Zhenghe Properties Co., Ltd.") have guaranteed certain of the Group's bank and other borrowings up to RMB27,800,000 (2019: nil).

As at 31 December 2018, the Controlling Shareholder, Ms. Wu Chengping and Wuhan Furui Decheng Real Estate Development Co., Ltd. have guaranteed certain of the Group's bank and other borrowings up to RMB1,736,000,000; as at 31 December 2019, Wuhan Furui Decheng Real Estate Development Co., Ltd. has guaranteed certain of the Group's bank and other borrowings up to RMB1,041,600,000 as the guarantee from the Controlling Shareholder and Ms. Wu Chengping has been released in November 2019 .

32. SENIOR NOTES

Name of senior notes	1 January 2019 Opening balance RMB'000	Issued in 2019 RMB'000	Interest expense RMB'000	Payment RMB'000	**31 December 2019 Closing balance RMB'000**
Senior notes due 2020 ("2020 Notes")	–	1,161,300	39,600	(388,755)	**812,145**
Analysed into:					**812,145**
Non-current portion					**–**
Current portion					**812,145**

On 26 August 2019, the Company issued senior notes with a principal amount of US$87,000,000 due in 2020. The senior notes bears interest at 12.50% per annum which is payable quarterly in arrears. The repayment date of the senior notes is 26 February 2020. At any time prior to maturity, the Company may at its option redeem the senior notes, at a predetermined redemption price.

On 9 October 2019, the Company issued senior notes with a principal amount of US$82,940,000 due in 2020. The senior notes bears interest at 12.5% per annum which is payable quarterly in arrears. The original repayment date of the senior notes is 26 February 2020. At any time prior to maturity, the Company may at its option redeem the senior notes, at a predetermined redemption price.

On 20 November 2019, the Company redeemed part of the 2020 Notes amounting to US$50,982,000.

33. CORPORATE BONDS

Name of bonds	Opening balance RMB'000	Issued RMB'000	Interest expense RMB'000	Payment RMB'000	Closing balance RMB'000
Year 2019:					
Sinic Bond I	**317,075**	**–**	**25,018**	**(24,727)**	**317,366**
Sinic Bond II	**274,995**	**–**	**21,136**	**(20,700)**	**275,431**
Sinic Bond III	**–**	**415,674**	**22,153**	**–**	**437,827**
	592,070	**415,674**	**68,307**	**(45,427)**	**1,030,624**
Year 2018:					
Sinic Bond I	–	312,005	5,070	–	317,075
Sinic Bond II	–	274,416	579	–	274,995
	–	586,421	5,649	–	592,070

As at the end of each of the years, the Group's corporate bonds were repayable as follows:

	2019 RMB'000	2018 RMB'000
Repayable within one year	**624,072**	–
Repayable within two to five years	**406,552**	592,070
	1,030,624	592,070

On 18 October 2018, Sinic Real Estate Group Co., Ltd. issued a three-year corporate bond with a principal amount of RMB313,000,000 ("Sinic Bond I"), which was privately issued on the Shanghai Stock Exchange. Sinic Bond I is denominated in RMB and bears interest at a rate of 7.9% per annum, payable annually in arrears on 19 October or on the business day nearest hereto each year, beginning 19 October 2018. Sinic Real Estate is entitled to adjust the interest rate at the end of the second year. Upon the adjustment, bond holders may at their options ("Put Options") sell back Sinic Bond I to Sinic Real Estate.

On 21 December 2018, Sinic Real Estate issued a three-year corporate bond with a principal amount of RMB276,000,000 ("Sinic Bond II"), which was privately listed on the Shanghai Stock Exchange. Sinic Bond II is denominated in RMB and bears interest at a rate of 7.5% per annum, payable annually in arrears on 24 December or on the business day nearest hereto each year, beginning 24 December 2018. Sinic Real Estate is entitled to adjust the interest rate at the end of the second year. Upon the adjustment, the bondholders may at their option ("Put Options") sell back Sinic Bond II to Sinic Real Estate.

33. CORPORATE BONDS (continued)

On 19 April 2019, Sinic Real Estate issued a three-year corporate bond with a principal amount of RMB417,000,000 ("Sinic Bond III"), which was privately listed on the Shanghai Stock Exchange. Sinic Bond III is denominated in RMB and bears interest at a rate of 7.5% per annum, payable annually in arrears on 22 April or on the business day nearest hereto each year, beginning 22 April 2020. Sinic Real Estate is entitled to adjust the interest rate at the end of the second year. Upon the adjustment, the bondholders may at their option ("Put Options") sell back Sinic Bond III to Sinic Real Estate.

34. FINANCIAL LIABILITIES AT FVTPL

	2019 **RMB'000**	2018 RMB'000
Contingent consideration	**498**	619

On 22 March 2016, the Group acquires 100% interests of Jiangxi JunYu Industrial Co., Ltd. from the original shareholders. According to the contractual terms, the Group agreed with the original shareholders that if the profit margin of the project is higher than 10%, the Group should distribute 30% of the excess part, a contingent consideration for the business combination, to the original shareholders. The contingent consideration to be transferred to the original shareholders is recognised at fair value at the acquisition date and measured at fair value with changes in fair value recognised in profit or loss.

35. SHARE CAPITAL

Shares

	2019 HK$	2018 HK$
Issued and fully paid:		
3,570,187,000 (2018: 100) ordinary shares of HK$0.01 each (2018: HK$0.01 each)	**35,701,870**	1

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital RMB'000
At 1 January 2018	–	–
Issue of ordinary shares	100	–
At 31 December 2018 and 1 January 2019	100	
Issue of ordinary shares	529,412,900	4,740
Issue of ordinary shares on capitalisation	2,999,999,000	26,851
Issue of ordinary shares on an over-allotment option	40,775,000	367
At 31 December 2019	3,570,187,000	31,958

The Company was incorporated in the Cayman Islands on 18 September 2018 with authorised share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 at par value each.

On 18 September 2018, 95 and 5 ordinary shares of HK$0.01 were allotted by the Company for cash to Xin Hong Company Limited and Xin Heng Company Limited, respectively.

On 13 May 2019, Xin Hong Company Limited has transferred its 95 ordinary shares to Sinic Holdings Group Company Limited.

On 17 May 2019, the Company further allotted and issued 845 and 45 shares of HK$0.01 to Sinic Holdings Group Company Limited and Xin Heng Company Limited, respectively. On the same day, Forever Elite Ventures Limited transferred all the shares of Forest Resources Developments Limited to the Company in exchange for the allotment and issue by the Company of 10 shares to Forever Elite Ventures Limited.

On 15 October 2019, the authorised share capital of the Company was increased from HK$380,000 divided into 38,000,000 shares of a par value of HK$0.01 each to HK$200,000,000 divided into 20,000,000,000 shares of a par value of HK$0.01 each.

On 15 November 2019, upon its listing on the Hong Kong Stock Exchange, the Company issued 529,412,000 new ordinary shares with par value HK$0.01 each at HK$3.98 per share for a total cash consideration of HK$2,107,060,000 (equivalent to approximately RMB1,893,299,000). The respective share capital amount was approximately RMB4,740,000 and share premium arising from the issuance was approximately RMB1,823,312,000 net of the share issuance costs. The share issuance costs paid and payable mainly include share underwriting commissions, lawyers' fees, reporting accountants' fee and other related costs, which are incremental costs directly attributable to the issuance of the new shares. These costs amounting to RMB65,247,000 were treated as a deduction against the share premium arising from the issuance.

35. SHARE CAPITAL (continued)

Shares (continued)

On 15 November 2019, 2,999,999,000 shares were issued by way of capitalisation with par value of HK$0.01 each, the respective share capital amount was approximately RMB26,851,000.

On 11 December 2019, upon its listing on the Hong Kong Stock Exchange, the over-allotment option has been partially exercised and the Company allotted and issued 40,775,000 additional shares at HK$3.98 per share for a total cash consideration of HK$162,285,000 (equivalent to approximately RMB145,735,000). The respective share capital amount was approximately RMB367,000 and share premium arising from the issuance was approximately RMB144,632,000, net of the share issuance costs. The share issuance costs paid and payable mainly include share underwriting commissions and other related costs, which are incremental costs directly attributable to the issuance of the new shares. These costs amounting to RMB736,000 were treated as a deduction against the share premium arising from the issuance.

36. RESERVES

The amounts of the Group's reserves and the movements therein for the year ended 31 December 2019 are presented in the consolidated statement of changes in equity.

(a) Share premium

The share premium represents the difference between the par value of the shares issued and the consideration received.

(b) Merger reserve

The merger reserve of the Group represents the issued capital of the then holding company of the companies now comprising the Group and the capital contributions from the equity holders of certain subsidiaries now comprising the Group before the completion of the reorganisation.

(c) Capital reserve

The capital reserve represents any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid for acquisition of non-controlling interests in subsidiaries. Details of the movements in the capital reserve are set out in the consolidated statement of changes in equity.

(d) Statutory surplus reserve

In accordance with the PRC Company Law and the articles of association of the subsidiaries established in the PRC, the Group is required to appropriate 10% of its net profits after tax, as determined under PRC GAAP, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the Group, the statutory surplus reserve may be used either to offset losses, or to be converted to increase share capital provided that the balance after such conversion is not less than 25% of the registered capital of the Group. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

(e) Exchange fluctuation reserve

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of group entities. The reserve is dealt with in accordance with the accounting policy set out in note 2.4.

37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB45,381,000 and RMB45,381,000, respectively, for the year ended 31 December 2019, in respect of lease arrangements for office buildings, motor vehicles and other equipment.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank and other borrowings RMB'000	Senior notes and corporate bonds RMB'000	Due to related parties RMB'000	Lease liabilities RMB'000	Total liabilities from financing activities RMB'000
At 1 January 2018	16,675,647	–	2,294,506	–	18,970,153
Changes from financing cash flows	4,764,731	592,070	(894,319)	–	4,462,482
Foreign exchange movement	70,326	–	–	–	70,326
At 31 December 2018	21,510,704	592,070	1,400,187	–	23,502,961
Effect of adoption of IFRS 16 *(notes 2 and 15)*	–	–	–	41,585	41,585
At 1 January 2019 (restated)	21,510,704	592,070	1,400,187	41,585	23,544,546
Changes from financing cash flows	3,219,494	1,182,392	4,557,177	(31,803)	8,927,260
New leases	–	–	–	45,381	45,381
Interest expense	–	68,307	–	4,949	73,256
At 31 December 2019	24,730,198	1,842,769	5,957,364	60,112	32,590,443

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2019 RMB'000
Within operating activities	**12,241**
Within financing activities	**31,803**
	44,044

38. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests were set out below:

	Percentage of equity interest held by non-controlling interests %	Profit/(loss) for the year allocated to non-controlling interests RMB'000	Accumulated balances of non-controlling interests RMB'000
31 December 2019			
Nanchang Tianju*	**40.00**	**63,523**	**96,844**
31 December 2018			
Jiangxi Hengwang Properties Co., Ltd.	49.00	94,287	170,802

* The Group has further acquired an additional 15% equity interest in Nanchang Tianju and had a 60% equity interest in Nanchang Tianju upon completion of the acquisition since April 2019.

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

38. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

31 December 2019

	Nanchang Tianju RMB'000
Revenue	546,273
Total expenses	(375,609)
Income tax expense	(47,028)
Profit and total comprehensive income for the year	123,636
Attributable to:	
Owners of the parent	116,421
Non-controlling interests	7,215
	123,636
Current assets	701,536
Non-current assets	590
Current liabilities	(460,016)
Non-current liabilities	–
	242,110
Attributable to:	
Owners of the parent	242,110
Non-controlling interests	–
	242,110
Net cash flows used in operating activities	(107,200)
Net cash flows used in investing activities	–
Net cash flows from financing activities	101,588
Net decrease in cash and cash equivalents	(5,612)

38. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

31 December 2018

	Jiangxi Hengwang Properties RMB'000
Revenue	761,726
Total expenses	(427,866)
Income tax expense	(141,438)
Profit and total comprehensive income for the year	192,422
Attributable to:	
Owners of the parent	192,422
Non-controlling interests	–
	192,422
Current assets	1,110,308
Non-current assets	41,929
Current liabilities	(803,661)
Non-current liabilities	–
	348,576
Attributable to:	
Owners of the parent	348,576
Non-controlling interests	–
	348,576
Net cash flows used in operating activities	(104,916)
Net cash flows used in investing activities	(366)
Net cash flows from financing activities	105,883
Net increase in cash and cash equivalents	601

39. BUSINESS COMBINATIONS

(a) Acquisition of Zhongshan Dutou

On 31 January 2019, the Group acquired a 100% equity interest in Zhongshan Dutou, an unlisted company with registered capital of RMB160,213,800 from Zhongshan Guilin Properties Co., Ltd. Zhongshan Dutou is mainly engaged in real estate development and operation. The acquisition was part of the Group's strategy to expand its market share of property development and operation. The acquisition was satisfied by cash of RMB524,450,000 at the acquisition date.

Since the acquisition, Zhongshan Dutou contributed nil to the Group's revenue and a loss of RMB28,986,000 to the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2019. Had the combination taken place at 1 January 2019, the revenue and profit of the Group would have been RMB26,984,943,000 and RMB1,966,346,000, respectively.

The fair values of the identifiable assets and liabilities of Zhongshan Dutou as at the date of acquisition were as follows:

	Fair value recognised on acquisition RMB'000
Properties under development	718,056
Property, plant and equipment	880
Cash and cash equivalents	6,182
Prepayments and other receivables	180,204
Tax recoverable	8,643
Other payables and accruals	(263,133)
Deferred tax liabilities *(note 20)*	(123,652)
Total identifiable net assets at fair value	527,180
Gains on bargain purchase recognised in other income and gains in profit or loss	(2,730)
Satisfied by cash	524,450

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash considerations	(524,450)
Cash and cash equivalents acquired	6,182
Net outflow of cash and cash equivalents included in cash flows from investing activities	(518,268)

39. BUSINESS COMBINATIONS (continued)

(b) Acquisition of Hefei Xincheng Yuehong

On 31 August 2019, the Group acquired a 100% equity interest in Hefei Xincheng Yuehong, an unlisted company with registered capital of RMB130,000,000 from Hefei Xincheng Yirong Real Estate Co., Ltd. and Shanghai Xincheng Wansheng Corporate Management Co., Ltd. Hefei Xincheng Yuehong is mainly engaged in real estate development and operation. The acquisition was part of the Group's strategy to expand its market share of property development and operation. The acquisition was satisfied by cash of RMB130,000,000 at the acquisition date.

Since the acquisition, Hefei Xincheng Yuehong contributed nil to the Group's revenue and a loss of RMB11,684,000 to the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2019. Had the combination taken place at 1 January 2019, the revenue and profit of the Group would have been RMB26,984,943,000 and RMB2,013,123,000, respectively.

The fair values of the identifiable assets and liabilities of Hefei Xincheng Yuehong as at the date of acquisition were as follows:

	Fair value recognised on acquisition RMB'000
Properties under development	1,142,771
Cash and cash equivalents	58
Prepayments and other receivables	43
Tax recoverable	272
Trade payables	(1,373)
Other payables and accruals	(1,008,378)
Deferred tax liabilities *(note 20)*	(1,136)
Total identifiable net assets at fair value	132,257
Gains on bargain purchase recognised in other income and gains in profit or loss	(2,257)
Satisfied by cash	130,000

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash considerations	(130,000)
Cash and cash equivalents acquired	58
Net outflow of cash and cash equivalents included in cash flows from investing activities	(129,942)

40. DISPOSAL OF SUBSIDIARIES

(a) 廣州新力騰達房地產開發有限公司 ("Guangzhou Tengda")

Pursuant to the share transfer agreement dated 30 December 2019, the Group disposed of its 40% equity interest in 廣州新力騰達房地產開發有限公司 ("Guangzhou Sinic Tengda Real Estate Development Co., Ltd.") to 贛州丞梓實業有限公司 ("Ganzhou Chengzi Industrial Co., Ltd.") for a consideration of RMB4,000,000. Guangzhou Tengda became a joint venture of the Group. The consideration was determined by reference to the fair value of the equity interest disposed of as at 30 December 2019.

The carrying values of the assets and liabilities of Guangzhou Tengda on the date of disposal were as follows:

	RMB'000
Net assets disposed of:	
Cash and cash equivalents	98
Prepayments, other receivables and other assets	1,099,964
Other payables and accruals	(1,089,581)
Non-controlling interests	(988)
	9,493
Gain on disposal of Guangzhou Tengda	507
	10,000
40.00% of equity interest in Guangzhou Tengda	4,000
Disposal consideration outstanding and included in other receivables	4,000
Net outflow of cash and cash equivalents in respect of the disposal of Guangzhou Tengda	(98)

(b) 武漢新力力創置業有限公司 ("Wuhan Sinic Lichuang")

Pursuant to the share transfer agreement dated 30 November 2019, the Group disposed of its 100% equity interest in 武漢新力力創置業有限公司 ("Wuhan Sinic Lichuang Properties Co., Ltd.") to 武漢瑞錦德實業有限公司 ("Wuhan Ruijinde Industrial Co., Ltd.") for a consideration of RMB154,000,000. The consideration was determined by reference to the fair value of the equity interest disposed of as at 30 November 2019.

The carrying values of the assets and liabilities of Wuhan Sinic Lichuang on the date of disposal were as follows:

	RMB'000
Net assets disposed of:	
Cash and cash equivalents	64,841
Prepayments, other receivables and other assets	644,562
Due from related companies	1,485,683
Properties under development	1,251,803
Properties held for sale	395,952
Property, plant and equipment	117
Deferred tax assets	56,352
Trade payables	(10,261)
Other payables and accruals	(9,329)
Income tax payable	(67,191)
Contract liabilities	(1,465,703)
Due to related companies	(2,050,201)
Interest-bearing bank and other borrowings	(160,000)
Deferred tax liabilities	(6,857)
	129,768
Gain on disposal of Wuhan Sinic Lichuang	24,232
	154,000
Disposal consideration outstanding and included in other receivables	154,000
Net outflow of cash and cash equivalents in respect in respect of the disposal of Wuhan Sinic Lichuang	(64,841)

40. DISPOSAL OF SUBSIDIARIES (continued)

(c) 贛州新力順泰置業有限公司 ("Ganzhou Sinic Shuntai")

Pursuant to the share transfer agreement dated 30 November 2019, the Group disposed of its 100% equity interest in 贛州新力順泰置業有限公司 ("Ganzhou Sinic Shuntai Properties Co., Ltd.") to 上海坤斯實業有限公司 ("Shanghai Kunsi Industrial Co., Ltd.") for a consideration of RMB25,000,000. The consideration was determined by reference to the fair value of the equity interest disposed of as at 30 November 2019.

The carrying values of the assets and liabilities of Ganzhou Sinic Shuntai on the date of disposal were as follows:

	RMB'000
Net assets disposed of:	
Cash and cash equivalents	43,127
Prepayments, other receivables and other assets	141,584
Tax recoverable	36,422
Due from related companies	720,683
Properties under development	743,297
Property, plant and equipment	187
Intangible assets	51
Deferred tax assets	16,246
Trade payables	(117,612)
Other payables and accruals	(3,374)
Contract liabilities	(825,411)
Due to related companies	(638,160)
Deferred tax liabilities	(2,228)
Non-controlling interests	(137,952)
	(23,140)
Gain on disposal of Ganzhou Sinic Shuntai	48,140
	25,000
Disposal consideration outstanding and included in other receivables	25,000
Net outflow of cash and cash equivalents in respect of the disposal of Ganzhou Sinic Shuntai	(43,127)

(d) 惠州力新美學房地產開發有限公司 ("Huizhou Lixin Meixue")

Pursuant to the share transfer agreement dated 30 November 2019, the Group disposed of its 100% equity interest in 惠州力新美學房地產開發有限公司 ("Huizhou Lixin Meixue Real Estate Development Co., Ltd.") to a related party 江西秋念星實業有限公司 ("Jiangxi Qiunianxing Industrial Co., Ltd.") for a consideration of RMB4,330,000. The consideration was determined by reference to the fair value of the equity interest disposed of as at 30 November 2019.

40. DISPOSAL OF SUBSIDIARIES (continued)

(d) 惠州力新美學房地產開發有限公司 ("Huizhou Lixin Meixue") (continued)

The carrying values of the assets and liabilities of Huizhou Lixin Meixue on the date of disposal were as follows:

	RMB'000
Net assets disposed of:	
Cash and cash equivalents	240,406
Prepayments, other receivables and other assets	87,118
Tax recoverable	9,602
Due from related companies	787,047
Properties under development	778,557
Property, plant and equipment	209
Deferred tax assets	16,692
Trade and notes payables	(77,467)
Other payables and accruals	(2,071)
Income tax payable	(7,827)
Contract liabilities	(579,927)
Due to related companies	(647,790)
Interest-bearing bank and other borrowings	(599,500)
	5,049
Loss on disposal of Huizhou Lixin Meixue	(719)
	4,330
Disposal consideration outstanding and included in amounts due from related companies	4,330
Net outflow of cash and cash equivalents in respect of the disposal of Huizhou Lixin Meixue	(240,406)

41. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

		2019 RMB'000	2018 RMB'000
Guarantees given to banks in connection with facilities granted to purchasers of the Group's properties	*(1)*	**27,964,704**	27,465,861
Guarantees given to banks and other institutions in connection with facilities granted to related companies and third parties	*(2)*	**8,633,382**	4,854,792

(1) The Group provided guarantees in respect of mortgage facilities granted by certain banks to the purchasers of the Group's completed properties held for sale. Pursuant to the terms of the guarantee arrangements, in the case of default on mortgage payments by the purchasers, the Group is responsible for repaying the outstanding mortgage principals together with any accrued interest and penalties owed by the defaulted purchasers to those banks.

Under the above arrangement, the related properties were pledged to the banks as collateral for the mortgage loans, upon default on mortgage repayments by these purchasers, the banks are entitled to take over the legal titles and will realise the pledged properties through open auction.

The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance and registration of property ownership certificates to the purchasers, which will generally be available within one to two years after the purchasers take possession of the relevant properties.

The Group did not incur any material losses during the year in respect of the guarantees provided for mortgage facilities granted to purchasers of the Group's completed properties held for sale. The directors of the Company considered that in the case of default on payments, the net realisable value of the related properties would be sufficient to repay the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

(2) The Group provided guarantees to banks and other institutions in connection with financial facilities granted to the related companies and third parties. The directors of the Company consider that no provision is needed in respect of the guarantees since the fair value is not significant. Further details are included in note 43.

Except as disclosed above, during the year and up to the end of the year, neither the Group nor the Company were involved in any litigation, arbitration or administrative proceedings, claims or disputes which had a material adverse effect on the Group's financial condition or results of operation.

42. COMMITMENTS

(a) The Group had the following capital commitments at the end of the reporting period:

	2019 RMB'000	2018 RMB'000
Contracted, but no provided for:		
– Properties under development	**16,202,939**	14,421,385
– Acquisition of equity interests	**2,069,468**	2,324,914
– Capital contributions payable to joint ventures and associates	**713,300**	79,692
	18,985,707	16,825,991

(b) Operating lease commitments as at 31 December 2018

The Group leases certain of its office properties under operating lease arrangements, negotiated for terms of one to six years with an option for renewal after the end of the lease terms, at which time all terms will be renegotiated.

At 31 December 2018, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2018 RMB'000
Within one year	28,364
In the second to fifth years, inclusive	39,600
After five years	–
	67,964

43. RELATED PARTY TRANSACTIONS

	2019 RMB'000	2018 RMB'000
(a) Significant related party transactions:		
Advances from related companies:		
Joint ventures	**5,298,948**	3,035,701
Associates	**2,389,631**	402,848
Companies controlled by the Controlling Shareholder	**39,259,462**	11,251,364
Companies owned by a family member of the Controlling Shareholder	**409,764**	955,887
Companies over which the Controlling Shareholder has significant influence	**341,886**	144,385
Repayment of advances from related companies:		
Joint ventures	**1,871,266**	2,938,152
Associates	**1,462,724**	1,682,342
Companies controlled by the Controlling Shareholder	**39,101,683**	11,251,364
Companies owned by a family member of the Controlling Shareholder	**634,308**	698,689
Companies over which the Controlling Shareholder has significant influence	**317,317**	144,385
Advances to related companies:		
Joint ventures	**9,432,671**	1,513,638
Associates	**1,282,577**	533,682
Companies controlled by the Controlling Shareholder	**12,393,134**	8,084,491
Companies owned by a family member of the Controlling Shareholder	**373,429**	364,303
Companies over which the Controlling Shareholder has significant influence	**15,946**	195,339
Repayment of advances to related companies:		
Joint ventures	**6,678,087**	558,242
Associates	**659,477**	354,514
Companies controlled by the Controlling Shareholder	**15,962,066**	8,482,963
Companies owned by a family member of the Controlling Shareholder	**373,429**	566,464
Companies over which the Controlling Shareholder has significant influence	**117,406**	123,932

43. RELATED PARTY TRANSACTIONS (continued)

	2019 RMB'000	2018 RMB'000
(a) Significant related party transactions: (continued)		
Construction services provided by companies controlled by a family member of the Controlling Shareholder	**1,141,210**	1,063,711
Miscellaneous purchases from a company controlled by the Controlling Shareholder	**8,135**	10,402
Property management services provided by companies controlled by the Controlling Shareholder	**181,751**	123,798
Management consulting services provided by companies controlled by the Controlling Shareholder	**53,123**	151,960
Consulting services provided to joint ventures and associates	**20,909**	–
Sales to a family member of the Controlling Shareholder	**33,432**	32,052
Donation to a charity of which the Controlling Shareholder is the chairman	**–**	3,024

Note: These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

	2019 RMB'000	2018 RMB'000
(b) Disposal of subsidiaries		
Consideration for disposal of subsidiaries (note 40 (d))	**4,330**	–
(c) Other transactions with related parties		
Guarantees provided to related parties:		
Joint ventures	**3,662,942**	735,992
Associates	**741,740**	829,300
Company controlled by a family member of the Controlling Shareholder	**–**	700,000
Company controlled by the Controlling Shareholder	**–**	1,304,500
Companies over which the Controlling Shareholder has significant influence	**–**	130,000
Guarantees provided by related parties:		
Joint ventures	**–**	1,736,000
Controlling Shareholder	**–**	14,309,389
A family member of the Controlling Shareholder	**–**	12,544,689
Company controlled by the Controlling Shareholder	**–**	7,635,307

43. RELATED PARTY TRANSACTIONS (continued)

	2019 RMB'000	2018 RMB'000
(d) Outstanding balances with related parties		
Due from related companies:		
Trade-related:		
Companies controlled by the Controlling Shareholder	–	502
Companies owned by a family member of the Controlling Shareholder	–	27,412
Due from related companies:		
Non trade-related:		
Joint ventures	**3,728,740**	974,157
Associates	**1,067,353**	439,923
Companies controlled by the Controlling Shareholder	–	3,568,932
Companies over which the Controlling Shareholder has significant influence	–	101,460
Due to related companies:		
Trade-related:		
Companies owned by a family member of the Controlling Shareholder	**277,438**	32,654
Due to related companies:		
Non trade-related:		
Joint ventures	**4,208,565**	780,882
Associates	**1,289,013**	362,107
Companies controlled by the Controlling Shareholder	**157,779**	–
Companies owned by a family member of the Controlling Shareholder	–	224,544
Companies over which the Controlling Shareholder has significant influence	**24,569**	–

Balances with the above related parties were unsecured, non-interest bearing and repayable on demand.

	2019 RMB'000	2018 RMB'000
(e) Compensation of key management personnel of the Group		
Short term employee benefits	**11,172**	9,095
Pension scheme contributions and social welfare	**764**	755
Total compensation paid to key management personnel	**11,936**	9,850

Further details of directors' emoluments are included in note 8 to the financial statements.

44. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

31 December 2019

Financial assets

	Financial assets at amortised cost RMB'000	Financial assets at FVTPL RMB'000	Total RMB'000
Trade receivables *(note 24)*	20,872	–	20,872
Financial assets included in prepayments and other receivables *(note 25)*	918,770	–	918,770
Financial assets at FVTPL *(note 21)*	–	281,795	281,795
Due from related companies *(note 43)*	4,796,093	–	4,796,093
Restricted cash *(note 27)*	5,749,309	–	5,749,309
Pledged deposits *(note 27)*	290,522	–	290,522
Cash and cash equivalents *(note 27)*	10,558,738	–	10,558,738
	22,334,304	281,795	22,616,099

Financial liabilities

	Financial liabilities at amortised cost RMB'000	Financial liabilities at FVTPL RMB'000	Total RMB'000
Trade and bills payables *(note 28)*	5,457,196	–	5,457,196
Due to related companies *(note 43)*	5,957,364	–	5,957,364
Financial liabilities included in other payables and accruals *(note 29)*	2,836,348	–	2,836,348
Financial liabilities at FVTPL *(note 34)*	–	498	498
Lease liabilities*(note 15)*	60,112	–	60,112
Interest-bearing bank and other borrowings *(note 31)*	24,730,198	–	24,730,198
Senior bonds *(note 32)*	812,145	–	812,145
Corporate bonds *(note 33)*	1,030,624	–	1,030,624
	40,883,987	498	40,884,485

44. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows (continued):

31 December 2018
Financial assets

	Financial assets at amortised cost RMB'000	Financial assets at FVTPL RMB'000	Total RMB'000
Long-term debt investments *(note 19)*	879,884	–	879,884
Financial assets included in prepayments and other receivables *(note 25)*	1,015,338	–	1,015,338
Financial assets at FVTPL *(note 21)*	–	64,867	64,867
Due from related companies *(note 43)*	5,112,386	–	5,112,386
Restricted cash *(note 27)*	2,623,147	–	2,623,147
Pledged deposits *(note 27)*	358,899	–	358,899
Cash and cash equivalents *(note 27)*	7,083,520	–	7,083,520
	17,073,174	64,867	17,138,041

Financial liabilities

	Financial liabilities at amortised cost RMB'000	Financial liabilities at FVTPL RMB'000	Total RMB'000
Trade and bills payables *(note 28)*	3,142,262	–	3,142,262
Due to related companies *(note 43)*	1,400,187	–	1,400,187
Financial liabilities included in other payables and accruals *(note 29)*	3,595,857	–	3,595,857
Financial liabilities at FVTPL *(note 34)*	–	619	619
Interest-bearing bank and other borrowings *(note 31)*	21,510,704	–	21,510,704
Corporate bonds *(note 33)*	592,070	–	592,070
	30,241,080	619	30,241,699

45. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2019 RMB'000	2018 RMB'000	**2019 RMB'000**	2018 RMB'000
Financial assets				
Financial assets at fair value through profit or loss	**281,795**	64,867	**281,795**	64,867
Financial liabilities				
Financial liabilities at FVTPL	**498**	619	**498**	619
Interest-bearing bank and other borrowings	**24,730,198**	21,510,704	**24,748,986**	21,519,275
Corporate bonds	**1,030,624**	592,070	**1,013,231**	590,492
Senior notes	**812,145**	–	**876,738**	–
	26,573,465	22,103,393	**26,639,453**	22,110,386

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, restricted cash, trade receivables, trade and bills payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, and amounts due from/to related companies approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of interest-bearing bank and other borrowings and senior notes have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other borrowings and senior notes as at 31 December 2019 was assessed to be insignificant.

The fair values of corporate bonds are based on quoted market prices.

45. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS
(continued)

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2019:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Financial liabilities at FVTPL	Scenario based method	Discount rate	15%	5% increase/decrease in discount rate would result in a decrease/ increase in fair value by RMB7,000

Fair value hierarchy
The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
As at 31 December 2019				
Financial assets at fair value through profit or loss	**281,795**	**–**	**–**	**281,795**
As at 31 December 2018				
Financial assets at fair value through profit or loss	64,867	–	–	64,867

Liabilities measured at fair value:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
As at 31 December 2019				
Financial liabilities at fair value through profit or loss	**–**	**–**	**498**	**498**
As at 31 December 2018				
Financial liabilities at fair value through profit or loss	–	–	619	619

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2018: Nil).

45. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(continued)

Liabilities for which fair values are disclosed:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
As at 31 December 2019				
Interest-bearing bank and other borrowings	**–**	**24,748,986**	**–**	**24,748,986**
Corporate bonds	**1,013,231**	**–**	**–**	**1,013,231**
Senior notes	**–**	**876,738**	**–**	**876,738**
	1,013,231	**25,625,724**	**–**	**26,638,955**
As at 31 December 2018				
Interest-bearing bank and other borrowings	–	21,519,275	–	21,519,275
Corporate bonds	590,492	–	–	590,492
	590,492	21,519,275	–	22,109,767

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly include cash and bank balances, restricted cash, trade receivables, and trade and other payables, which arise directly from its operations. The Group has other financial assets and liabilities such as interest-bearing bank and other borrowings, senior notes, corporate notes, financial instruments at fair value through profit or loss, amounts with related companies and other receivables. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. Generally, the Group introduces conservative strategies on its risk management. The Group does not hold or issue derivative financial instruments for trading purposes. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Interest rate risk

The Group's exposure to risk for changes in market interest rates relates primarily to the Group's bank and other borrowings set out in note 31. The Group does not use derivative financial instruments to hedge interest rate risk. The Group manages its interest cost using variable rate bank borrowings.

As at 31 December 2019, if the interest rate of bank borrowings had increased/decreased by 1% and all other variables held constant, profit before tax for the year of the Group would have decreased/increased by approximately RMB42,216,000 (2018: RMB36,654,000).

(b) Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from transactions by operating units in currencies other than the units' functional currencies.

In addition, the Group has currency exposures from its financial assets and senior notes.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the US$, HK$ and RMB exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the fair values of monetary assets and liabilities) and the Group's equity (due to changes in the fair value of forward currency contracts).

	Increase/ (decrease) in USD/RMB rate %	Increase/ (decrease) in equity RMB'000
31 December 2019		
If the RMB weakens against USD	**–5%**	**(39,982)**
If the RMB strengthens against USD	**+5%**	**39,982**
If the RMB weakens against HKD	**–5%**	**(111,117)**
If the RMB strengthens against HKD	**+5%**	**111,117**
31 December 2018		
If the RMB weakens against HKD	–5%	(104,601)
If the RMB strengthens against HKD	+5%	104,601

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2019

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables*	**20,872**	–	–	–	**20,872**
Financial assets included in prepayments and other receivables					
– Normal**	**918,770**	–	–	–	**918,770**
Restricted cash	**5,749,309**	–	–	–	**5,749,309**
Pledged deposits	**290,522**	–	–	–	**290,522**
Cash and cash equivalents	**10,558,738**	–	–	–	**10,558,738**
	17,538,211	–	–	–	**17,538,211**

As at 31 December 2018

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Long-term debt investments	879,884	–	–	–	879,884
Financial assets included in prepayments and other receivables					
– Normal**	1,015,338	–	–	–	1,015,338
Restricted cash	2,623,147	–	–	–	2,623,147
Pledged deposits	358,899	–	–	–	358,899
Cash and cash equivalents	7,083,520	–	–	–	7,083,520
	11,960,788	–	–	–	11,960,788

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the expected credit losses is disclosed in note 24 to the financial statements. There is no significant concentration of credit risk.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition.

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings, corporate bonds, senior notes and proceeds from asset-backed securities. Cash flows are being closely monitored on an ongoing basis.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	Over 1 year RMB'000	Total RMB'000
31 December 2019:					
Interest-bearing bank and other borrowings	**–**	**1,957,871**	**10,320,124**	**17,161,674**	**29,439,669**
Corporate bonds	**–**	**–**	**665,702**	**448,275**	**1,113,977**
Senior notes	**–**	**–**	**848,823**	**–**	**848,823**
Lease liabilities	**–**	**8,443**	**22,906**	**37,896**	**69,245**
Financial liabilities at FVTPL	**–**	**–**	**–**	**498**	**498**
Trade and bills payables	**5,457,196**	**–**	**–**	**–**	**5,457,196**
Other payables	**3,470,586**	**–**	**–**	**–**	**3,470,586**
Due to related companies	**5,957,364**	**–**	**–**	**–**	**5,957,364**
	14,885,146	**1,966,314**	**11,857,555**	**17,648,343**	**46,357,358**
31 December 2018:					
Interest-bearing bank and other borrowings	–	2,954,475	7,870,531	13,527,630	24,352,636
Corporate bonds	–	–	45,427	679,854	725,281
Financial liabilities at FVTPL	–	–	–	619	619
Trade and bills payables	3,142,262	–	–	–	3,142,262
Other payables	3,898,578	–	–	–	3,898,578
Due to related companies	1,400,187	–	–	–	1,400,187
	8,441,027	2,954,475	7,915,958	14,208,103	33,519,563

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a net gearing ratio, which is based on total indebtedness less cash and bank balances divided by total equity at the end of the year and multiplied by 100%. Total indebtedness represents total interest-bearing bank and other borrowings, corporate bonds and senior notes. The net gearing ratios as at the end of the reporting periods were as follows:

	2019 RMB'000	2018 RMB'000
Interest-bearing bank and other borrowings	**24,730,198**	21,510,704
Corporate bonds	**1,030,624**	592,070
Senior notes	**812,145**	–
Less: Cash and cash equivalents	**(10,558,738)**	(7,083,520)
Restricted Cash	**(5,749,309)**	(2,623,147)
Pledged deposits	**(290,522)**	(358,899)
Net debt	**9,974,398**	12,037,208
Total equity	**14,895,734**	5,060,268
Net gearing ratio	**67%**	238%

47. EVENTS AFTER THE REPORTING PERIOD

On 12 February 2020, the Company obtained a US$140 million loan facility from BOCI Leveraged & Structured Finance Limited for refinancing its existing indebtedness and for general working capital purposes. The Facility Agreement contains, among others, specific performance obligations on Mr. Zhang Yuanlin, Sinic Holdings Group Company Limited, Sinic Group Company Limited and Xin Hong Company Limited, each a controlling shareholder of the Company.

On 4 March 2020, the Company issued senior notes with a principal amount of US$280 million due in 2021 ("2021 Senior Notes") which are listed on the Singapore Exchange Securities Trading Limited for refinancing its existing indebtedness and for general working capital purposes. The 2021 Senior Notes carry an interest rate of 11.75% per annum and will fall due in March 2021.

In early 2020, a series of precautionary and control measures have been, and continued to be, implemented across China in response to the COVID-19 outbreak. The Group will pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and results of operations of the Group. As at the date on which this set of financial statements were authorized for issue, the Group was not aware of any material adverse effects on the financial statements as a result of the COVID-19 outbreak.

48. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2019 RMB'000	2018 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	**4,832**	–
Investments in subsidiaries	**34,116**	
Right-of-use assets	**11,348**	–
Total non-current assets	**50,296**	–
CURRENT ASSETS		
Cash and cash equivalents	**161,955**	–
Prepayments, other receivables and other assets	**7,198**	–
Due from subsidiaries	**2,570,402**	–
Total current assets	**2,739,555**	–
CURRENT LIABILITIES		
Other payables and accruals	**16,962**	–
Due to subsidiaries	**103**	–
Senior notes	**812,145**	–
Lease liabilities within one year	**5,347**	–
Total current liabilities	**834,557**	–
NET CURRENT ASSETS	**1,904,998**	–
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,955,294**	–
NON-CURRENT LIABILITIES		
Lease liabilities	**6,673**	–
Total non-current liabilities	**6,673**	–
Net assets	**1,948,621**	–
EQUITY		
Share capital	**31,958**	–
Reserves *(note)*	**1,916,663**	–
Total equity	**1,948,621**	–

48. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at 18 September 2018 (date of incorporation), 31 December 2018 and 1 January 2019	–	–	–	–	–
Total comprehensive income for the year	–	–	–	(58,330)	(58,330)
Acquisition of subsidiaries by the Group from the then equity holder of the subsidiaries	–	–	34,116	–	34,116
Issuance of new shares	31,958	1,940,877	–	–	1,972,835
Balance at 31 December 2019	31,958	1,940,877	34,116	(58,330)	1,948,621

49. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 30 March 2020.

DEFINITIONS AND GLOSSARY

"2019 Proposed Final Dividend"	a final dividend for 2019 of RMB13 cents per Share recommended by the Board
"2020 AGM"	the annual general meeting of the Company to be held on Friday, 5 June 2020
"Articles of Association"	articles of association of the Company, as amended from time to time
"ASP"	average selling price
"Audit Committee"	audit committee of the Company
"Board"	The board of Directors
"Cash and bank balances"	comprises restricted cash, pledged deposits and cash and cash equivalents
"Central and Western China Core Cities and Other Regions with High-Growth Potential"	Changsha, Wuhan, Chengdu, and cities in the central and western parts of China and other regions that are considered by the Group to be core and with high-growth potential, respectively, based on internal assessments of a wide variety of macro-economic and market factors, including but not limited to: (1) local resident population and population migration trends, (2) GDP and per capita income, (3) urbanization rate, (4) proportion of local businesses in agricultural, industrial and commercial and cultural industries, (5) investment in fixed assets, (6) disposable income of residents, (7) land price, (8) supply and demand for residential and commercial properties, (9) prices of residential properties and growth trends, (10) price-to-income ratio, (11) housing inventory and sales rate/trends, and (12) competition landscape, such as the market entries of Top 50 property developers into the local market
"CEO"	the chief executive officer of the Company
"China" or "PRC"	the People's Republic of China
"Controlling Shareholder(s)"	having the meaning ascribed thereto under the Listing Rules, and in the context of this report means Mr. Zhang, Sinic Holdings Group Company Limited, Sinic Group Company Limited, Xin Heng Company Limited and Xin Hong Company Limited
"Core profit attributable to the owners of the parent"	profit attributable to the owners less the changes in fair value of investment properties (net of tax) and changes in fair value of financial assets/liabilities (net of tax)
"Corporate Governance Code"	Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"CREIS"	China Real Estate Index System
"Current ratio"	total current assets divided by total current liabilities
"Directors"	director(s) of the Company
"Eligible Participant(s)"	any eligible participants of the Share Option Scheme as specified therein
"GAAP"	generally-accepted accounting principles
"GDP"	gross domestic product
"GFA"	gross floor area

DEFINITIONS AND GLOSSARY

"Greater Bay Region"	the integrated economic and business hub covering areas of Hong Kong and Macau and cities in the PRC such as Guangzhou, Huizhou, Shenzhen, Zhuhai, Foshan, Zhongshan, Dongguan, Jiangmen and Zhaoqing
"gross profit margin"	gross profit for the year divided by revenue for the year and multiplied by 100%
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong Dollars
"Listing"	the listing of the Company on the Main Board of the Stock Exchange on the Listing Date
"Listing Date"	15 November 2019, on which dealings in the Shares on the Main Board first commenced
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Main Board"	the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Hong Kong Stock Exchange
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"Mr. Zhang"	Mr. Zhang Yuanlin (張園林), chairman, executive Director and one of the Controlling Shareholders
"net gearing ratio"	total indebtedness less cash and bank balances divided by total equity at the end of the year multiplied by 100%
"Prospectus"	the prospectus of the Company dated 30 October 2019 being issued in connection with the Listing
"RMB"	Renminbi
"Register of Members"	the register of members of the Company
"Return on average equity ratio"	profit attributable to the owners of the parent for the year divided by the average balance of equity attributable to owners of the parent as of the end of the year multiplied by 100%
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share Option Scheme"	the share option scheme adopted by the Company on 15 October 2019
"Share(s)"	ordinary share(s) in the capital of the Company with the nominal value of HK$0.01 each
"Shareholder(s)"	holder(s) of the Shares

DEFINITIONS AND GLOSSARY

"Sinic Holdings" or "Company"	Sinic Holdings (Group) Company Limited, an exempted company incorporated in Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2103)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"total indebtedness"	total interest-bearing bank and other borrowings, corporate bonds and senior notes
"weighted average cost of indebtedness"	the weighted average of interest costs of all indebtedness outstanding as at the end of the year
"Yangtze River Delta Region"	the region covering Shanghai, Jiangsu Province and Zhejiang Province of the PRC, for the purpose of this report
"Year"	the financial year ended 31 December 2019
"US$"	United States dollars

FINANCIAL SUMMARY

Consolidated Income Statements

	Year ended 31 December			
	2019 RMB'000	2018 RMB'000	2017 RMB'000	2016 RMB'000
Revenue	**26,984,943**	8,415,653	5,241,086	2,223,000
Cost of sales	**(18,986,406)**	(5,272,657)	(3,473,875)	(1,673,246)
Gross Profit	**7,998,537**	3,142,996	1,767,211	549,754
Finance income	**47,178**	105,680	27,417	2,518
Other income and gains	**105,627**	5,945	7,014	374
Selling and distribution expenses	**(1,076,736)**	(657,597)	(458,382)	(214,628)
Administrative expenses	**(568,787)**	(430,192)	(225,341)	(83,044)
Other expenses	**(27,239)**	(46,219)	(47,447)	(7,210)
Fair value gains on investment properties	**164,786**	110,159	86,038	77,980
Fair value (losses)/gains on financial assets at fair value through profit or loss	**(24,816)**	18,861	–	–
Fair value gains on financial liabilities at fair value through profit or loss	**121**	242	74	(82)
Finance costs	**(456,397)**	(425,774)	(317,165)	(99,179)
Share of profits and losses of:				
Joint ventures	**62,257**	(9,466)	(18,255)	(3,083)
Associates	**39,493**	48,854	21,239	(6,587)
Profit before income tax	**6,264,024**	1,863,489	842,403	216,813
Income tax expense	**(4,249,750)**	(1,308,536)	(564,198)	(85,936)
Profit for the year	**2,014,274**	554,953	278,205	130,877
Attributable to:				
Owners of the parent	**1,957,763**	413,538	95,021	62,437
Non-controlling interests	**56,511**	141,415	183,184	68,440
	2,014,274	554,953	278,205	130,877

Consolidated Assets, Liabilities and Equity

	As at 31 December			
	2019 RMB'000	2018 RMB'000	2017 RMB'000	2016 RMB'000
ASSETS				
Non-current assets	**18,360,047**	9,720,307	8,480,131	2,910,587
Current assets	**77,863,503**	67,887,401	40,320,463	17,109,712
Total assets	**96,223,550**	77,607,708	48,800,594	20,020,299
EQUITY AND LIABILITIES				
Total equity	**14,895,734**	5,060,268	4,594,825	2,800,718
Non-current liabilities	**15,067,864**	12,998,117	7,578,036	3,461,439
Current liabilities	**66,259,952**	59,549,323	36,627,733	13,758,142
Total liabilities	**81,327,816**	72,547,440	44,205,769	17,219,581
Total equity and liabilities	**96,223,550**	77,607,708	48,800,594	20,020,299