绿城中国
GREENTOWN

年報 2019 Annual Report

GREENTOWN CHINA HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)
Stock Code: 03900

Welcome to your home of

Greentown.

Walk into a world of luxury and style. Transform your dreams into reality here.

From the minute you set foot on the majestic doorway that leads into the elegant hallway, you will be embraced by the luxury and grace of a bygone era.

Traditional style combined with contemporary detailing gives the place a personal touch with a flair of splendour. Each unit is tastefully designed for home lovers who have an eye for quality and beauty. Nestled in breathtaking landscaped gardens, these homes allow you to experience the magical powers of nature in your own private setting. Join the Greentown family and live the dream of many others today. Find your home with Greentown and enjoy the luxury of life with peace of mind.

Contents

Corporate Profile

Greentown China Holdings Limited is a leading quality property developer and integrated living service provider in China. It maintains a leading position in the industry by virtue of the quality of its properties, and its unique architectural aesthetics and customer centric services. The company was awarded the "Top 10 among 100 Chinese Real Estate Enterprises by Comprehensive Strength" for the 15th consecutive year, and was again named the "Top 10 Chinese Real Estate Companies by Brand Value (Mixed Ownership)" for the 16th consecutive year with a brand value of RMB52.1 billion. Meanwhile, Greentown was awarded the "Chinese Leading Real Estate Companies by Customer Satisfaction" for the 8th consecutive year for its quality products and services as well as received awards such as "Enterprise with Social Responsibility" for many years.

Greentown China Holdings Limited maintains a leading position in the industry with high construction quality and excellent services. In January 1995, Greentown was founded in Hangzhou, China. In July 2006, Greentown China was listed on the Hong Kong Stock Exchange (stock code: 03900). In June 2012, Wharf was introduced as a strategic shareholder of Greentown. As at the date of this report, Wharf (through its wholly-owned subsidiary) held approximately 24.9% of the total issued share capital of the Company. In December 2014, China Communications Construction Group became a strategic shareholder of Greentown China. As at the date of this report, CCCG was interested in approximately 28.8% of the total issued share capital of the Company and became its single largest shareholder.

Being a professional developer of premium properties in the PRC, Greentown Group has always insisted on innovation and continued to explore the relationship between human and dwellings with excellent accomplishment in low-rise, multi-storey and high-rise residential properties. Based on the construction of beautiful architecture, Greentown Group is committed to building a better life for more people. Its layout will focus on the first-and second-tier cities as well as quality third- and fourth-tier cities, emphasising the creation of unique projects like featured towns, sports projects and TOD projects. As at 31 December 2019, the premium land bank of Greentown Group comprised a total GFA of over 38.73 million sqm, safeguarding the sustainable and steady development of the Company in the future. With its quality human resources and highly effective management structure, Greentown has established an outstanding brand image in all cities where it operates. Greentown's experience in developing numerous high-quality projects and outstanding operational capabilities accumulated so far have provided strong momentum for its future expansion.

After 25 years of development, the Company's scope of business has covered more than 20 provinces, autonomous regions and direct-controlled municipalities, having constructed more than 800 exquisite property communities. The annual contracted sales amount exceeded RMB200 billion with total assets of over RMB300 billion.

With the full support of CCCG, a state-owned enterprise, and Wharf, a Hong Kong blue-chip enterprise, together with our founder Mr. SONG Weiping, a renowned entrepreneur in China's real estate industry, and other substantial shareholders, Greentown will adhere to the innovation and practice of mixed ownership enterprise and deem "quality first while taking into account others" as the development principle, and maintain its dedication of sincerity, meticulousness of strategies and excellence of operation, so as to build the brand of "No. 1 integrated service provider for an ideal life".

Hangzhou Helu

Corporate Information

Board of Directors

Executive Directors
Mr SONG Weiping
(Resigned on 11 July 2019)
Mr ZHANG Yadong
(Appointed as Chairman of the Board on 11 July 2019)
Mr LIU Wensheng
Mr LI Qingan
(Resigned on 11 July 2019)
Mr LI Yongqian
(Resigned on 11 July 2019)
Mr GUO Jiafeng
(Appointed on 11 July 2019)
Mr ZHOU Lianying
(Appointed on 11 July 2019)
Mr GENG Zhongqiang
(Appointed on 11 July 2019)
Mr LI Jun

Non-Executive Director
Mr Stephen Tin Hoi NG (Mr Andrew On Kiu CHOW as his alternate)
(Appointed on 11 July 2019)

Independent Non-Executive Directors
Mr JIA Shenghua
Mr KE Huanzhang
(Resigned on 17 April 2020)
Mr SZE Tsai Ping, Michael
(Resigned on 17 April 2020)
Mr HUI Wan Fai
Mr QIU Dong
(Appointed on 17 April 2020)
Mr ZHU Yuchen
(Appointed on 17 April 2020)

Audit Committee
Mr SZE Tsai Ping, Michael (Resigned on 17 April 2020)
Mr HUI Wan Fai (Appointed as Chairman on 17 April 2020)
Mr JIA Shenghua
Mr QIU Dong
(Appointed on 17 April 2020)
Mr ZHU Yuchen
(Appointed on 17 April 2020)

Nomination Committee
Mr SZE Tsai Ping, Michael
(Resigned on 17 April 2020)
Mr ZHU Yuchen (Appointed as Chairman on 17 April 2020)
Mr ZHANG Yadong
Mr LIU Wensheng
Mr JIA Shenghua
Mr KE Huanzhang (Resigned on 17 April 2020)
Mr HUI Wan Fai
Mr QIU Dong
(Appointed on 17 April 2020)

Remuneration Committee
Mr JIA Shenghua (Chairman)
Mr ZHANG Yadong
Mr LIU Wensheng
Mr KE Huanzhang
(Resigned on 17 April 2020)
Mr SZE Tsai Ping, Michael
(Resigned on 17 April 2020)
Mr HUI Wan Fai
Mr QIU Dong
(Appointed on 17 April 2020)
Mr ZHU Yuchen
(Appointed on 17 April 2020)

Registered Office

Maples Corporate Services Limited
PO Box 309, Ugland House
South Church Street, George Town
Grand Cayman KY1-1104
Cayman Islands

Share Registrar in Hong Kong

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

Share Registrar in Cayman Islands

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

Auditor

Deloitte Touche Tohmatsu

Legal Advisors

As to Hong Kong law:
Allen & Overy

As to the PRC law:
Zhejiang T&C Law Firm

As to Cayman Islands law and British Virgin Islands law:
Maples and Calder

Joint Company Secretaries

Mr FUNG Ching, Simon
(Resigned on 31 December 2019)
Ms XU Ying
(Appointed on 20 March 2020)
Ms NG Sau Mei
(Appointed on 20 March 2020)

Authorized Representatives

Mr ZHANG Yadong
Ms XU Ying (Appointed on 20 March 2020)

Principal Bankers

Bank of China Limited
Industrial and Commercial Bank of China Limited
Agricultural Bank of China Ltd.
China Construction Bank Corp.
The Hong Kong And Shanghai Banking Corp., Ltd.
Standard Chartered Bank (Hong Kong) Limited
Bank of Communications Co., Ltd.
The Bank of East Asia, Limited
Ping An Bank Co., Ltd.
China Everbright Bank Corp., Ltd.
Shanghai Pudong Development Bank Co., Ltd.

Hangzhou Headquarters

10/F, Block A, Dragon Century Plaza
No.1 Hangda Road
Hangzhou, Zhejiang PRC
(Postal code: 310007)

Principal Place of Business in Hong Kong

Room 1406–1408, 14/F
New World Tower 1
16-18 Queen's Road Central
Central, Hong Kong

Investor Relations

Email: ir@chinagreentown.com
Tel: (852) 2523 3138
Fax: (852) 2523 6608

Public Relations

Hill + Knowlton Strategies Asia
Email: greentown@hkstrategies.com
Tel: (852) 2894 6321
Fax: (852) 2576 1990

Stock Code

HKEx: 03900

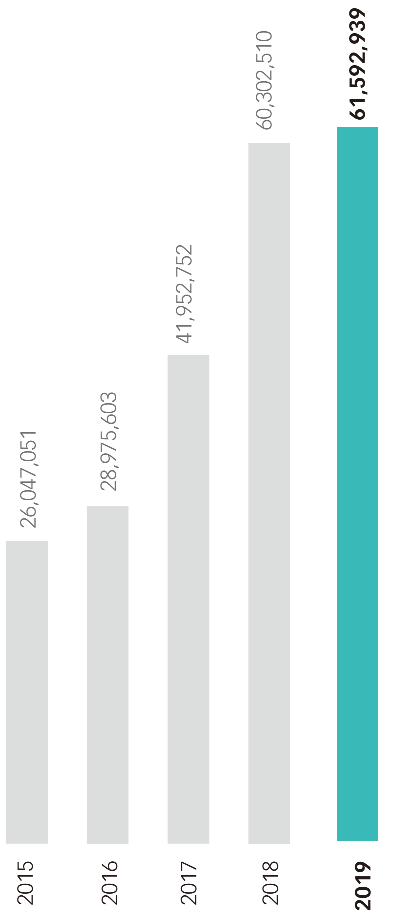
Websites

www.chinagreentown.com
www.greentownchina.com

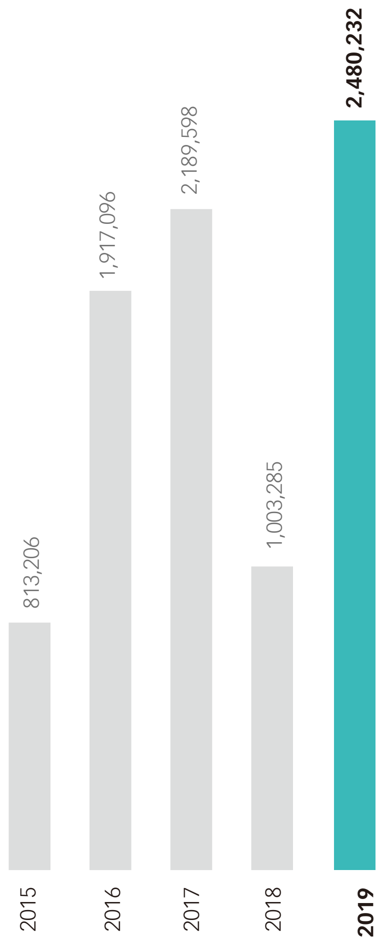
Hangzhou Liuxiangyuan

Financial Highlights

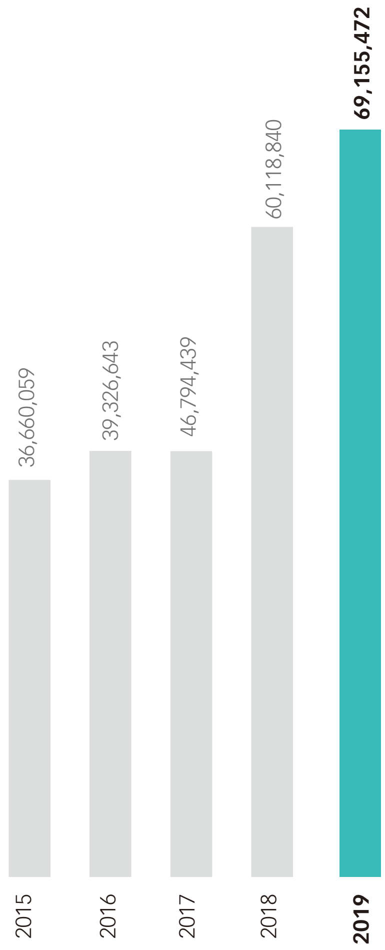
Revenue
For the year ended 31 December
(RMB'000)



Profit attributable to Owners of the Company
For the year ended 31 December
(RMB'000)



Total equity
As at 31 December
(RMB'000)



Five Years Financial Summary

Consolidated Results

	2015 RMB'000	2016 RMB'000	2017 RMB'000	2018 RMB'000	**2019** **RMB'000**
Revenue	26,047,051	28,975,603	41,952,752	60,302,510	**61,592,939**
Cost of sales	(20,626,106)	(22,953,628)	(33,877,152)	(46,550,157)	**(45,952,531)**
Gross profit	5,420,945	6,021,975	8,075,600	13,752,353	**15,640,408**
Other income	1,185,999	1,824,526	4,874,973	3,187,791	**2,809,001**
Expenses	(5,340,155)	(5,523,319)	(7,109,461)	(9,536,269)	**(9,423,225)**
Share of results of joint ventures and associates	1,667,882	1,425,047	549,656	500,097	**926,942**
Profit before taxation	2,934,671	3,748,229	6,390,768	7,903,972	**9,953,126**
Taxation	(1,675,175)	(1,525,686)	(3,719,803)	(5,528,742)	**(6,017,704)**
Profit for the year	1,259,496	2,222,543	2,670,965	2,375,230	**3,935,422**
Profit attributable to:					
Owners of the Company	813,206	1,917,096	2,189,598	1,003,285	**2,480,232**
Non-controlling interests	446,290	305,447	481,367	1,371,945	**1,455,190**
	1,259,496	2,222,543	2,670,965	2,375,230	**3,935,422**

Consolidated Assets and Liabilities

	2015 RMB'000	2016 RMB'000	2017 RMB'000	2018 RMB'000	**2019** **RMB'000**
Total assets	144,512,604	169,795,629	235,828,246	279,762,744	**337,092,118**
Total liabilities	107,852,545	130,468,986	189,033,807	219,643,904	**267,936,646**
Total equity	36,660,059	39,326,643	46,794,439	60,118,840	**69,155,472**

Chairman's Statement

Chairman of the Board,
Executive Director and
Chief Executive Officer
Mr ZHANG Yadong

In 2019, Greentown China embraced reform and innovation, overcame challenges, and redoubled its efforts in moving the Company forward. It was a year of robust results. Everyone in the Company upheld the value of "sincerity, kindness, exquisiteness, and perfection", adhered to the development strategies of "quality first while taking into account others" and proactively implemented the work philosophy of "reform, change, and improve". We also evaluated the macroeconomic environment, clarified our strategic targets, and enhanced our management structure, striving to transform the Company from a "leader in specialty products" into a "top enterprise with all-round development and its own special edges".

In the past year, thanks to the overwhelming support from our Shareholders and customers, the Company overcame a number of difficulties during its reform process, speeded up its development, and increased momentum amid improvement. We exceeded our operating targets for the year. Both of our contracted sales and the value of new investments exceeded RMB200 billion. In addition, we ranked number one in customer satisfaction in key cities across the country for the 9th consecutive year, reaching a new level of growth.

Constantly refining our governance structure. With strong support from Shareholders, the Company successfully accomplished the reorganization of its Board of Directors and reappointed certain members of management. This further demonstrated the advantages of the Company as a mixed-ownership enterprise, improving its corporate governance structure as a listed company in Hong Kong, and substantially improving our management team's professional standard and decision-making efficiency.

Significant enhancement in management efficiency. The Company insisted on a "6-element" synergy system and promoted the "7-aspect" management model while establishing the flat management structure of "double 11". It restructured its headquarters, reinforced its "pillars" and implemented project groups, shortening its management chain, breaking down barriers among departments, and streamlining its management structure while minimizing operating costs and accelerating its operating cycle.

Maintaining our leading position in the industry in terms of quality. Adhering to its product-oriented concept and quality strategy, the Company finds inspiration in the history of world architecture and urban development, assimilates the excellent construction culture of the East and the West, integrates the world's leading construction techniques and always incorporates an idealist's sense of humanity into the projects. Consequently, over 800 pieces of classical works have been created in nearly 200 cities, forming a product system covering eight product series, 22 product categories, and 22 architectural styles. All of them have been widely accepted by the industry and owners.

Continuously optimizing investment layout. The Company has achieved significant optimization in both investment scale and quality, thanks to more flexible investment strategies and a reasonable investment structure. We have also optimized our project launch pattern, deployed diversified investment models and gradually increased our capabilities for mergers and acquisitions. The saleable value of the Company's land bank in the first – and second-tier cities and the Yangtze River Delta region has increased significantly, further strengthening our risk resistance capacity. Besides, we have acquired a number of featured towns and TOD projects, and explored emerging businesses such as urban renewal and future communities, continuously showcasing our strength in featured businesses.

Stabilizing financial management. By further improving the management for internally generated cash flow, the Company's debt structure has been further optimized, the efficiency of the use of funds has been enhanced and the capacity for innovative financing has increased. As a result, the integrated interest costs have been relatively low, and the net gearing ratio has maintained at a reasonable level.

In response to the profound changes within the industry, the Company has enhanced its strategic planning to further consolidate its quality and branding as well as the direction of its path of featured businesses. It has adopted a pragmatic, efficient and pioneering strategy, striving to uphold its excellent product quality, maintaining its number-one spot in customer satisfaction, and ranking among the top-tier in comprehensive performance. In order to achieve the strategic target of exceeding RMB500 billion by 2025, we will focus on the three major segments of asset-heavy, asset-light, and "Greentown+".

The asset-heavy segment refers to the real estate investment and development business. The Company has consolidated its national layout across eight major regions and formed three significant channels for growth: firstly, enhancing efforts in mergers and acquisitions to realize the increase of scale and profits through acquisition of premium targets; secondly, significantly developing featured businesses to secure premium land resources and improve the level of profits through new business models such as TOD, town project, land acquisition by application mechanism, and urban renewal; and thirdly, continuously improving efforts and quality in public tender, auction and listing.

The asset-light segment refers to the real estate project management business. Greentown is currently the nation's largest project management provider in terms of scale, and it continues to expand room for improvement. The Company has adopted three major measures: firstly, establishing the sub-brand of Greentown's project management to form an independent system for its product and know-how, thus helping boost the publicity of its project management segment; secondly, upgrading the existing project management models and vigorously developing capital project management by utilizing the capital market; and thirdly, improving the management mechanism to ensure the quality of Greentown's products.

The "Greentown+" segment fully utilizes the strength of the long industry chain from upstream to downstream in the real estate sector with diversified business models. Centering on the heavy assets and light assets segments and focusing on the emerging markets, it aims to lengthen the industry chain and expand the industrial clusters. Greentown has further enriched the services of "Greentown+" by creating a service ecology emphasizing the idea of "great consumption" and "great life", thus empowering value-added capabilities. The Company will focus on four areas: firstly, strengthening the integration of the upstream industry chain to increase the profitability and profit level of upstream construction and supporting service segments through resource integration; secondly, expanding value-added services and offering them to owners through synergizing value-added services; thirdly, focusing on urban living, innovating the 4S service model, expanding in existing markets and commencing businesses like urban renewal and renovating old communities; and fourthly, strengthening the connection and integration of different segments to expand the business scale of its living services.

Looking ahead, Greentown China will strive to become the byword for quality in the real estate industry, a leader in the project management business, and a forward-looking innovator of integrated business. We will accelerate our comprehensive transformation from a "traditional real estate developer" into an "integrated service provider for an ideal life".

Chairman of the Board,
Executive Director and Chief Executive Officer
Mr ZHANG Yadong

20 March 2020

Property Portfolio

Changsha Bamboo Garden Yunqi Arcadia

Property Portfolio

Greentown in China

Total GFA Exceeds 38.73 Million sqm

Region	No. of Projects	Percentage of GFA (%)
Hangzhou	22	9.4%
Zhejiang (excluding Hangzhou)	44	27.4%
The Yangtze River Delta Area (excluding Zhejiang)	19	9.9%
The Bohai Rim Area	25	19.6%
The Pearl River Delta Area	6	4.3%
Chengdu-Chongqing Area	5	3.8%
Others	18	23.4%
Overseas	3	2.2%
Total	**142**	**100%**

Overseas

The Yangtze River Delta Area

Area	Total GFA (sqm)	Proportion to total land bank (%)
Zhejiang (excluding Hangzhou)	10,603,483	27.4%
Hangzhou	3,641,104	9.4%
Jiangsu	2,441,135	6.3%
Anhui	909,527	2.3%
Shanghai	522,556	1.3%

The Bohai Rim Area

Area	Total GFA (sqm)	Proportion to total land bank (%)
Shandong	3,210,135	8.3%
Tianjin	1,650,259	4.3%
Beijing	1,091,070	2.8%
Hebei	888,122	2.3%
Liaoning	743,717	1.9%

The Pearl River Delta Area

Area	Total GFA (sqm)	Proportion to total land bank (%)
Guangdong	1,669,143	4.3%

Chengdu-Chongqing Area

Area	Total GFA (sqm)	Proportion to total land bank (%)
Chongqing	889,841	2.3%
Sichuan	565,208	1.5%

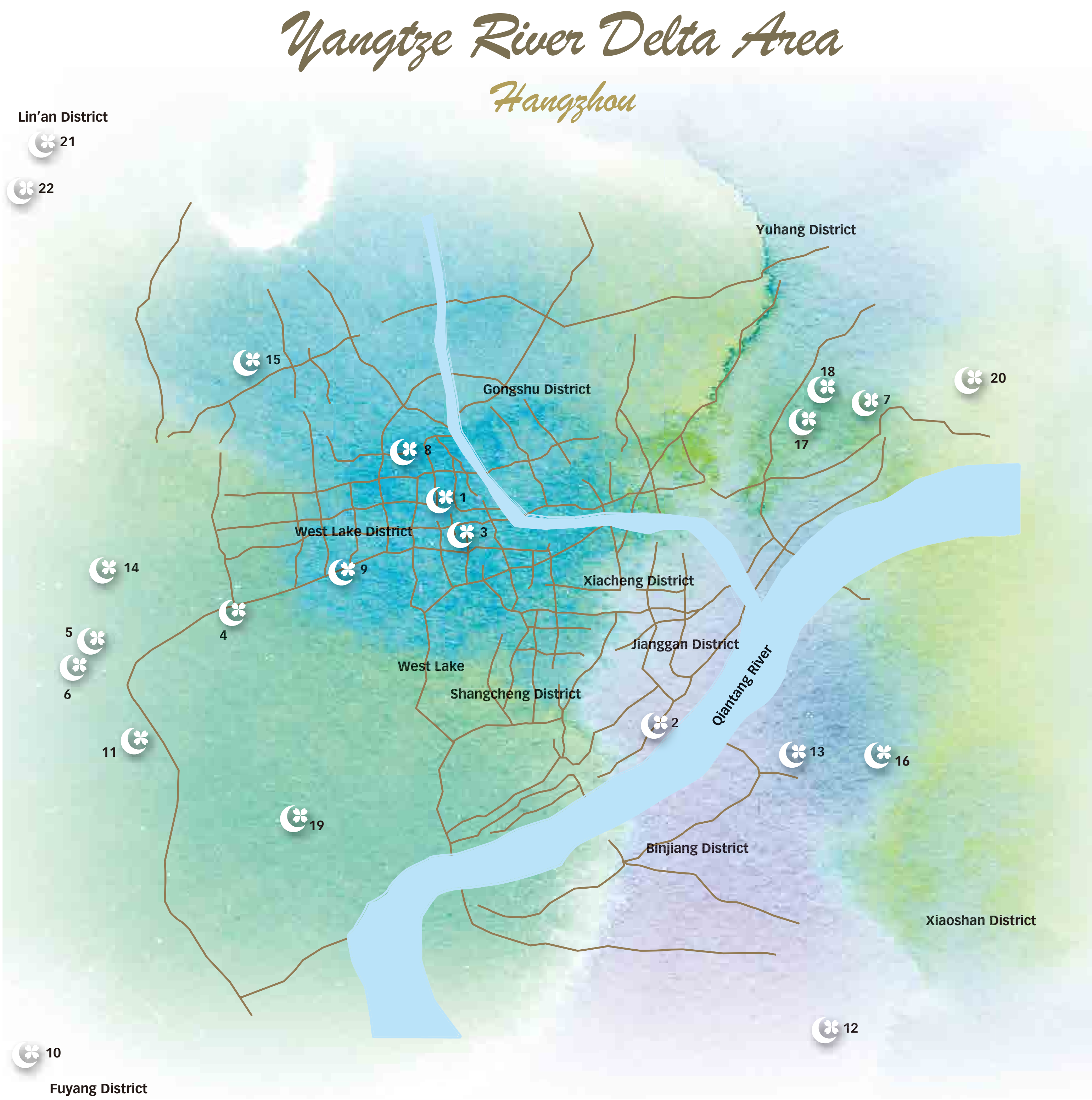
Overseas

Area	Total GFA (sqm)	Proportion to total land bank (%)
Overseas	835,746	2.2%

Other Areas in China

Area	Total GFA (sqm)	Proportion to total land bank (%)
Shaanxi	4,450,745	11.5%
Hubei	999,658	2.6%
Hainan	957,792	2.5%
Henan	819,403	2.1%
Jiangxi	617,043	1.6%
Fujian	420,509	1.1%
Heilongjiang	273,662	0.7%
Hunan	206,722	0.5%
Xinjiang	192,900	0.5%
Yunnan	127,527	0.3%

Note: The figures of total GFA and site area are subject to adjustments due to planning changes. The relevant figures will only be finalized after project completion.


Yangtze River Delta Area
Hangzhou
Lin'an District
21
22
Yuhang District
15
18
20
7
17
Gongshu District
8
1
West Lake District
3
14
9
Xiacheng District
4
5
6
Jianggan District
West Lake
Shangcheng District
Qiantang River
2
11
13
16
19
Binjiang District
Xiaoshan District
12
10
Fuyang District

	Projects	Type of Properties	Equity	Site Area (sqm)	GFA (sqm)
1	Hangzhou Wulin No. 1	Office	50%	18,805	108,625
2	Hangzhou Wangjiang Office	Office	100%	9,096	51,866
3	Hangzhou Center	Urban Complex	45%	22,566	245,709
4	Hangzhou Hope Town	High-Rise Apartment, Hotel	45%	165,705	404,010
5	Hangzhou Yinlu	Low-Rise Apartment, Villa	90.16%	60,452	115,373
6	Hangzhou Arcadia Town	High-Rise Apartment, Low-Rise Apartment, Villa	80%	213,838	192,964
7	Hangzhou Young City	High-Rise Apartment	25.56%	42,593	186,137
8	Hangzhou Qinyuan	High-Rise Apartment	26%	31,685	114,769
9	Hangzhou Xixi Yunlu	Villa	20%	42,357	96,140
10	Hangzhou Yunqi Peach Garden	High-Rise Apartment, Villa	50%	160,209	293,655
11	Hangzhou Helu	High-Rise Apartment, Villa	100%	60,247	144,106
12	Hangzhou Guiyu Chaoyang	High-Rise Apartment, Villa	50%	70,129	297,497
13	Hangzhou Xiaofeng Yinyue	High-Rise Apartment	100%	53,260	214,628
14	Hangzhou Hujing Yunlu	Villa	51%	57,820	146,133
15	Hangzhou Yungu Chunfeng	Commercial	24%	18,792	93,934
16	Hangzhou Guiyu Tinglan	High-Rise Apartment, Villa	95%	30,580	115,845
17	Hangzhou Chunyue jinlu	High-Rise Apartment, Low-Rise Apartment	45.7%	26,865	98,989
18	Hangzhou Oriental Dawn	High-Rise Apartment, Low-Rise Apartment	47.7%	64,470	192,940
19	Hangzhou Longwu Tea Village	Low-Rise Apartment	51%	17,382	34,271
20	Hangzhou Lakeside Mansion	High-Rise Apartment	100%	61,284	246,619
21	Lin’an Spring Blossom	High-Rise Apartment, Low-Rise Apartment, Villa	18%	145,026	231,695
22	Lin’an Mantuo Garden	Villa	80%	43,791	15,199
	Sub-total			1,416,952	3,641,104


Zhejiang
Huzhou
Deqing
Jiaxing
Zhoushan
Yuyao
Ningbo
Shengzhou
Zhuji
Xinchang
Jiande
Jinhua
Taizhou
Wenzhou

	Projects	Type of Properties	Equity	Site Area (sqm)	GFA (sqm)
1	Ningbo Center	Urban Complex	49.56%	7,872	244,639
2	Ningbo Young City	High-Rise Apartment	51%	132,210	433,809
3	Ningbo Willow Breeze	High-Rise Apartment, Villa	51%	42,856	133,992
4	Ningbo Fenghua Changting Yunlu	High-Rise Apartment, Villa	100%	124,326	304,788
5	Ningbo Wisdom Park	Office, Commercial, Serviced Apartment	60%	4,843	10,500
6	Ningbo Xiangshan Baishawan Rose Garden	High-Rise Apartment, Hotel	100%	128,278	80,899
7	Ningbo Mingyue Jiangnan	High-Rise Apartment	50%	64,706	209,356
8	Ningbo Phoenix Mansion	High-Rise Apartment, Low-Rise Apartment	24.23%	54,099	171,917
9	Ningbo Shuangdonghui Project	Commercial	51%	6,982	13,973
10	Ningbo Rail Aipan TOD Block	High-Rise Apartment, Low-Rise Apartment	51%	31,137	82,153
11	Ningbo Rail Panhuo TOD Block	High-Rise Apartment, Low-Rise Apartment	51%	27,501	99,276
12	Ningbo Xiaofeng Yinyue	High-Rise Apartment	50.4%	50,344	173,839
13	Yuyao Guiyu Lanting	High-Rise Apartment	100%	97,429	256,679
14	Yuyao Fengming Yunlu	High-Rise Apartment, Low-Rise Apartment, Villa	62.5%	86,035	220,976
15	Yuyao Qiaoyuan	High-Rise Apartment	35%	19,704	47,951
16	Fenghua Guiyu Yingyue	High-Rise Apartment	85.04%	37,113	117,929
17	Fenghua Guiyu Chaoyang	High-Rise Apartment	100%	74,629	244,338
18	Wenzhou Lucheng Plaza	Office, Commercial, Serviced Apartment	100%	74,278	371,815
19	Wenzhou Xijiangyue	High-Rise Apartment, Commercial	16.5%	59,678	236,417
20	Wenzhou Liuxiangyuan	High-Rise Apartment	100%	25,567	115,458
21	Wenzhou Fengqi Yuming	High-Rise Apartment	37%	101,233	501,189
22	Xinchang Rose Garden	Villa	90%	35,277	20,764
23	Zhuji Greentown Plaza	High-Rise Apartment, Villa, Commercial	90%	44,308	139,546
24	Shengzhou Opera Town	Villa, Commercial	25%	182,898	219,733
25	Zhoushan Changzhi Island	Integrated Community	96.9%	456,287	907,013
26	Zhoushan Daishan Sky Blue Apartment	High-Rise Apartment	100%	33,967	116,124
27	Zhoushan Qinyuan	High-Rise Apartment	77.1%	43,272	186,859
28	Zhoushan Orchid Garden	High-Rise Apartment	77.1%	44,016	149,936
29	Taizhou Ningjiang Mingyue	Integrated Community	51%	327,954	977,070
30	Taizhou Tiantaishan Lotus Town	Villa, Hotel, Commercial	100%	141,464	76,646
31	Wenling Joy Garden	High-Rise Apartment	33%	44,734	164,254
32	Jiaxing Liuxiangyuan	High-Rise Apartment	100%	55,043	146,725
33	Jiaxing Fenghe Jiuli	Low-Rise Apartment, Villa	20%	101,476	194,889
34	Haiyan Chunfeng Ruyi	Villa	20%	172,380	273,017
35	Wuzhen Graceland	High-Rise Apartment	16%	43,094	112,747
36	Yiwu Peach Garden	Villa	74.5%	183,699	404,051
37	Yiwu Orchid Residence	High-Rise Apartment	31.7%	49,826	184,067
38	Yiwu Wanjia Fenghua	High-Rise Apartment	26.01%	139,972	524,511
39	Jinhua Yongkang Guiyu Tinglan	High-Rise Apartment	56%	49,945	194,463
40	Deqing Guanyun Town	High-Rise Apartment, Low-Rise Apartment, Villa, Commercial	90%	186,578	272,405
41	Deqing Fengqi Yunlu	High-Rise Apartment, Low-Rise Apartment, Villa, Commercial	37.5%	66,969	188,981
42	Deqing Fengqi Chunlan	High-Rise Apartment	100%	38,103	101,252
43	Anji Angel Town	Low-Rise Apartment, Villa	40%	612,380	659,183
44	Anji Peach Garden	Low-Rise Apartment, Villa, Commercial, Hotel	85%	852,522	317,354
	Sub-total			5,156,984	10,603,483

Shanghai

	Projects	Type of Properties	Equity	Site Area (sqm)	GFA (sqm)
1	Shanghai Bund House	High-Rise Apartment, Commercial	51%	25,566	102,893
2	Shanghai Yangpu District Pingliang Project	High-Rise Apartment, Commercial	20%	27,054	179,081
3	Shanghai Guiyu Yunxi	Villa	50%	16,362	37,899
4	Shanghai Pearl City	High-Rise Apartment	35%	34,400	202,683
	Sub-total			103,382	522,556

Jiangsu

	Projects	Type of Properties	Equity	Site Area (sqm)	GFA (sqm)
1	Suzhou Willow Breeze	High-Rise Apartment, Low-Rise Apartment	75%	77,915	226,508
2	Suzhou Yinshan Lake Block 2019-WG-12, 13	High-Rise Apartment	50.33%/49.81%	150,207	349,589
3	Nanjing Yunqi Rose Garden	Low-Rise Apartment, Villa	75.8%	67,918	150,556
4	Wuxi Fengqi Heming	High-Rise Apartment, Villa	100%	56,451	207,236
5	Wuxi Sincere Garden	High-Rise Apartment, Low-Rise Apartment	95.44%	71,319	204,335
6	Nantong Qinyuan	High-Rise Apartment, Villa	61%	52,094	139,503
7	Nantong Orchid Garden	High-Rise Apartment, Villa	61%	75,193	229,632
8	Nantong Xiaofeng Yinyue	High-Rise Apartment	70%	31,398	108,009
9	Nantong Sincere Garden	High-Rise Apartment, Commercial	60%	104,771	286,652
10	Nantong Osmanthus Grace	High-Rise Apartment	100%	44,090	111,254
11	Changshu Mingyue Lanting	High-Rise Apartment	70%	69,591	201,725
12	Xuzhou Sincere Garden	High-Rise Apartment	100%	73,243	226,136
	Sub-total			874,190	2,441,135

Anhui

	Projects	Type of Properties	Equity	Site Area (sqm)	GFA (sqm)
1	Hefei Sincere Garden	High-Rise Apartment, Low-Rise Apartment	49.5%	150,063	428,585
2	Hefei Orchid Garden	High-Rise Apartment, Low-Rise Apartment	48.31%	102,065	324,281
3	Anhui Chao Lake Town	Villa	100%	101,467	156,661
	Sub-total			353,595	909,527

The Bohai Rim Area

	Projects	Type of Properties	Equity	Site Area (sqm)	GFA (sqm)
1	Beijing Majestic Mansion	Low-Rise Apartment	100%	241,247	229,445
2	Beijing One Liangma	High-Rise Apartment	40%	47,769	187,954
3	Beijing Shuiying Lanting	High-Rise Apartment	51%	41,663	102,302
4	Beijing Xifu Haitang	Low-Rise Apartment, Commercial	33.5%	216,430	571,369
5	Tianjin Chunxi Mingyue	High-Rise Apartment, Low-Rise Apartment	60%	142,380	328,754
6	Tianjin Yujiangtai	High-Rise Apartment, Low-Rise Apartment	33.33%	45,791	116,772
7	Tianjin Spring Blossom	High-Rise Apartment, Villa	100%	432,893	572,898
8	Tianjin Sincere Garden	High-Rise Apartment, Low-Rise Apartment, Office, Commercial	41%	66,056	273,963
9	Tianjin Xiqing Miyun Road Project	High-Rise Apartment, Low-Rise Apartment	49%	90,036	357,872
10	Jinan Yulan Garden	High-Rise Apartment, Low-Rise Apartment, Villa	50%	114,502	270,963
11	Jinan New East Station Block A7	Villa	100%	64,214	148,579
12	Jinan Mingyue Fenghe	High-Rise Apartment, Low-Rise Apartment, Villa	100%	39,474	93,579
13	Jinan Jingshiyi Road Block	High-Rise Apartment	100%	20,846	68,802
14	Qingdao Ideal City	Integrated Community	80%	397,658	780,345
15	Qingdao Deep Blue Center	Commercial, Office, Serviced Apartment	40%	22,701	222,349
16	Shandong Laiwu Xueye Lake Peach Garden	Low-Rise Apartment, Villa, Commercial, Hotel	69.5%	161,055	89,033
17	Zibo Lily Garden	High-Rise Apartment	100%	82,251	338,863
18	Jining Hupan Yunlu	Villa	49%	214,050	354,856
19	Qufu Sincere Garden	High-Rise Apartment, Commercial	100%	52,682	108,731
20	Dongying Ideal City	High-Rise Apartment, Low-Rise Apartment	49%	363,756	734,035
21	Dalian Jinshitan Port Wine Town	Low-Rise Apartment, Villa, Hotel	60%	294,198	154,715
22	Dalian Sincere Garden	High-Rise Apartment, Low-Rise Apartment	62.5%	82,988	233,830
23	Dalian Orchid Garden	Low-Rise Apartment	51%	12,000	23,205
24	Shenyang National Games Village	Integrated Community	50%	185,836	331,967
25	Tangshan South Lake Project	High-Rise Apartment, Commercial	40%	294,979	888,122
	Sub-total			3,727,455	7,583,303

The Pearl River Delta Area

	Projects	Type of Properties	Equity	Site Area (sqm)	GFA (sqm)
1	Guangzhou Guanggang New City Project	High-Rise Apartment, Villa	16.7%	38,757	252,357
2	Guangzhou Willow Breeze	High-Rise Apartment	30%	45,234	135,321
3	Guangzhou Xiaofeng Yinyue	High-Rise Apartment	50%	40,165	115,444
4	Foshan Fengqi Lanting	High-Rise Apartment, Villa	50%	58,855	273,615
5	Foshan Young City	High-Rise Apartment, Serviced Apartment	80%	112,717	325,930
6	Foshan Shunde District Beijiao Talent Town Block	High-Rise Apartment	20.625%	189,897	566,476
	Sub-total			485,625	1,669,143

Chengdu-Chongqing Area

	Projects	Type of Properties	Equity	Site Area (sqm)	GFA (sqm)
1	Chongqing Lijia Project	High-Rise Apartment, Villa	100%	96,079	212,541
2	Chongqing Guiyu Jiuli	High-Rise Apartment, Villa	49%	117,436	406,755
3	Chongqing Chunxi Yunlu	Low-Rise Apartment	100%	137,127	270,545
4	Chengdu Sincere Garden	High-Rise Apartment	45%	116,878	426,872
5	Chengdu Phoenix Mansion	Low-Rise Apartment, Villa	100%	43,074	138,336
	Sub-total			510,594	1,455,049

Other Areas in China

	Projects	Type of Properties	Equity	Site Area (sqm)	GFA (sqm)
1	Hainan Blue Town	Integrated Community	51%	1,038,806	957,792
2	Xi'an Guiyu Lanting	High-Rise Apartment	30.245%	175,128	735,290
3	Xi'an Fengqi Chang'an	High-Rise Apartment, Commercial	80%	290,558	1,210,055
4	Xi'an National Games Village	High-Rise Apartment, Villa	100%/51%	720,342	2,505,400
5	Wuhan Phoenix Mansion	High-Rise Apartment, Villa	80%	99,200	204,089
6	Wuhan Guanggu Block 171	High-Rise Apartment, Villa	31.25%	116,004	331,364
7	Wuhan Fengqi Tinglan	High-Rise Apartment	14%	78,633	464,205
8	Fuzhou Rongxin Yingyue	High-Rise Apartment	26%	49,489	208,869
9	Fuzhou Willow Breeze	High-Rise Apartment	51%	63,445	211,640
10	Xinjiang Lily Apartment	Commercial, Office, Serviced Apartment	50%	35,639	192,900
11	Changsha Bamboo Garden	Villa	49.47%	481,437	206,722
12	Zhengzhou Hupan Yunlu	High-Rise Apartment	100%	56,248	141,892
13	Zhengzhou Yanming Lake Rose Garden	Low-Rise Apartment, Villa, Hotel	100%	271,135	272,542
14	Zhengzhou Mingyue Binhe	High-Rise Apartment	40.585%	80,811	223,271
15	Henan Xinyang Lily City	High-Rise Apartment, Low-Rise Apartment	20%	77,662	181,698
16	Kunming High-tech District Keyi Road Block	High-Rise Apartment	100%	30,504	127,527
17	Jiangxi Gao'an Bafuluo Agricultural Complex Project	Villa	34%	533,458	617,043
18	Daqing Majestic Mansion	High-Rise Apartment, Low-Rise Apartment, Villa	100%	162,735	273,662
	Sub-total			4,361,234	9,065,961

Overseas

	Projects	Type of Properties	Equity	Site Area (sqm)	GFA (sqm)
1	Indonesia Jakarta Project	High-Rise Apartment, Commercial	10.1%	136,314	778,952
2	Canada Coquitlam Project	High-Rise Apartment	40%	5,976	18,623
3	US Seattle Graystone	High-Rise Apartment	70%	2,006	38,171
	Sub-total			144,296	835,746

Management Discussion and Analysis

Ningbo Xiangshan Baishawan Rose Garden

Management Discussion and Analysis

Xi'an National Games Village

Operation Review

In 2019, China's economy faced growing downturn pressure in a complex and volatile international environment, such as slowing growth in global economy and international trade, and escalating trade frictions between China and the US. In line with the central government's emphasis on "not to use real estate as an economic stimulus in the short term", "stability" continues to be the key tone of real estate policies and controls. A long-term management and control mechanism which aims at stabilizing land prices, housing prices and expectations has been established according to "one city with one policy and adopting city-specific strategies", with development and investment as well as commercial housing sales sustaining moderate growth.

In respect of capital markets, some real estate enterprises have become more rational and cautious on land acquisition as it is increasingly difficult to secure financing, and capital chain is tightened due to the fact that prudent management of real estate financing has been continuously strengthened by the central government under the principle of "stabilizing leveraging levels".

Given that the industry is undergoing profound adjustments and increased concentration, the extensive and high-leverage growth approach is no longer sustainable. As the sector's quality benchmark, the Group always adheres to a distinctive, sustainable and quality development model and the strategy of "quality first while taking into account others", so as to accelerate its full transformation from a traditional real estate developer into an "integrated service provider for an ideal life". With the support of substantial shareholders and the relentless efforts of all employees, both contracted sales amount and saleable value of newly-acquired land parcels in 2019 exceeded RMB200 billion, and the Group ranked first for customer satisfaction in major cities across the PRC for the ninth consecutive year. Meanwhile, it continued to raise its operating efficiency while management fee rate and finance costs hit record lows, and maintained its leading position in terms of quality and branding in the industry. During the Year under review, Greentown received honors and awards including "China's Real Estate Industry Competitiveness Benchmark Enterprises", "China's Real Estate Branded Enterprises by Contribution", and "Social Responsible Enterprises of the Year". It was named "Top 10 among 100 Chinese Real Estate Enterprises by Comprehensive Strength" for the fifteenth consecutive year, and was again awarded the "Top 10 Chinese Real Estate Companies by Brand Value (Mixed Ownership)" for the sixteenth consecutive year with a brand value of RMB52.1 billion.

Operating Results Steadily Improved

The Group generated revenue of RMB61,593 million for the Year, representing an increase of 2.1% from RMB60,303 million in 2018. Profit before taxation of the Group amounted to RMB9,953 million for the Year, representing an increase of RMB2,049 million or 25.9% from RMB7,904 million in 2018. Profit attributable to owners of the Company amounted to RMB2,480 million for the Year, representing an increase of RMB1,477 million or 147.3% from RMB1,003 million in 2018, which was mainly attributable to the increase in gross profit of RMB1,888 million over the previous year. After deducting the net post-tax effects of foreign exchange gains and losses, gains from acquisitions, provision and reversal of impairment losses on certain assets and fair value adjustments on certain assets, the core net profit attributable to owners of the Company amounted to RMB4,336 million, representing an increase of RMB540 million or 14.2% compared with RMB3,796 million in 2018. Basic earnings per share amounted to RMB0.55 for the Year, representing an increase of 205.6% from RMB0.18 per share in 2018.

The Board recommended the payment of a final dividend of RMB0.30 per share for the Year ended 31 December 2019 (2018: RMB0.23 per share).

Sales Scale Hit Record Highs

For the 12 months ended 31 December 2019, Greentown Group (including Greentown China Holdings Limited and its subsidiaries, together with its joint ventures and associates) recorded a total contracted sales area of approximately 10.27 million sqm, and a total contracted sales amount of approximately RMB201.8 billion, representing a year-on-year growth of 29%. In 2019, Greentown Group recorded a total contracted sales area of approximately 5.22 million sqm and a total contracted sales amount of approximately RMB135.4 billion from investment projects, of which approximately RMB76.8 billion was attributable to the Group, representing an increase of 38% from last year. As at 31 December 2019, the Group recorded a total subscription sales amount of approximately RMB2.9 billion from its investment projects, of which approximately RMB1.5 billion was attributable to the Group; average selling price of investment projects reached approximately RMB25,936 per sqm (2018: RMB25,455 per sqm), an industry-leading level.

In addition, Greentown Group in 2019 recorded a total contracted sales area of approximately 5.05 million sqm and a total contracted sales amount of approximately RMB66.4 billion from the projects under its project management business where Greentown Group delivered brand value and management expertise (non-investment projects, referred to as "projects under project management").

In 2019, the Group comprehensively applied the marketing strategy of "all staff, all people, all aspects" with huge success and recorded contracted sales of over RMB5 billion each in nine cities, among which the Group recorded contracted sales of over RMB10 billion in Hangzhou, Ningbo and Beijing. Nine projects recorded sales amount of over RMB3 billion each, among which the performance of Xi'an National Games Village and Hangzhou Xiaofeng Yinyue was particularly outstanding with sales amount each exceeding RMB6 billion. The overall sell-through rate of investment projects reached 68%, with the sell-through rate in the first- and second-tier cities reaching 70%. The sell-through rate of the newly-launched projects was outstanding at 71%, among which hot-selling ones such as Hangzhou Xiaofeng Yinyue, Xi'an National Games Village and Nantong Orchid Residence were sold out immediately after their launch. In the meantime, we initiated certain special campaigns such as "Spring Ploughing Operation", "Autumn Harvest

Operation", and "Carnival Season for Greentown Fans" to dispose of property inventories that are difficult to sell for quite some time and achieved destocking value at approximately RMB6 billion. Overall cash collection rate remained at a high level of 87%, showing an accelerated return of cash.

Meanwhile, the Group actively implemented project groups management in marketing, achieving lower cost and higher efficiency. The average sales amount per capita increased to RMB84.3 million, representing a year-on-year increase of 34%, and marketing expenses rate dropped by 18% year-on-year.

Inheritance, Innovation and Quality First

Maintaining a leading position in the industry in product quality. In 2019, the Group continued to forge its core competence by insisting on the product-oriented concept and carrying forward the artisan spirit. The Group has constantly enhanced product innovation and successfully completed the research and development of new products including sky villas and Chinese-style condos. The Group has also paid attention to people's living quality by increasing investment in green and healthy communities, smart communities as well as in quality control and testing, highlighting the advantages of its products. Meanwhile, the Group has sorted out and refined a multi-dimensional, three-dimensional, large-scale and sustainable product genealogy, including 8 product series, 22 product categories and 22 product architectural styles. The Group also published the book *Creating Beauty for Cities – Greentown Product Genealogy* (1995-2020) (《創造城市的美麗－綠城產品譜系(1995-2020)》) on 8 January 2020, which presents diversified samples for the development of urban construction in China and global architecture. In addition, the Group established the Planning and Design Committee and the Engineering Quality Committee to provide strong support for product innovation and quality management and control. In the meantime, the Group also set up a construction research center to safeguard with multiple efforts its leading position in product quality.

Foshan Guiyu Lanting

Furthermore, the Group has achieved considerable results in respect of product cost management and control. Progress and efficiency of projects were greatly secured by further expanding its standardization system. Meanwhile, through centralized strategic procurement, 70 product categories were procured (representing a year-on-year increase of 16 categories), and the prices fell by 6-20%, generating cost savings of RMB126 million, with application rate of procured materials reaching 97.8%.

Enhancing service quality in all aspects. The Group has continued to strengthen its service quality, by enhancing customer service orientation as well as providing full-cycle housing services and customer services around the main business of real estate development. In 2019, the Group took the second "Greentown Life Developers Conference" as an opportunity to launch the version 2.0 of living service system, which aims to optimize service through scenarization, improve service efficiency through commoditization, combine the online-offline experience through digitalization and ensure continuous service through commercialized operation. All of these efforts have enhanced the overall customer service system and helped maintain a competitive edge in service quality in the industry. Leveraging on its excellent service quality, customers' satisfaction has improved continuously. In 2019, in respect of residents' satisfaction, the Group achieved a score of 89.3, 16.3 points above industry average, ranking first in 16 cities; at the same time, in respect of sales service satisfaction, the Group achieved a score of 92, a benchmark level in the industry.

Diversification of Land Acquisition and Optimization of Land Bank

In 2019, the Group continued to adhere to the strategy of "focusing on regions and deepening footprints in cities", basing itself in Yangtze River Delta and centering on the five major urban agglomerations, as well as flexibly adjusted its investment strategy at different stages and made precise investments with remarkable effect. The Group proactively broadened its investment channels by enhancing its investment efforts and quality in auction, listing and tendering on the one hand and significantly strengthening the capabilities for mergers and acquisition on the other hand. The Group successfully obtained 17 projects throughout the Year, including a number of high quality ones such as Shanghai Pearl City and Xi'an Guiyu Lanting. The value of acquisition projects recorded a year-on-year increase of 332%, which facilitated improvement in both the scale and quality of overall investment.

In 2019, the Group acquired a total of 54 new projects with a total gross floor area ("GFA") of approximately 12.36 million sqm. Land cost/acquisition amount totaled approximately RMB69.1 billion, of which approximately RMB52.3 billion was paid by the Group. It is estimated that the total new saleable amount will be approximately RMB205.7 billion, a historic new investment value record for Greentown, of which approximately RMB108.6 billion will be attributable to the Group. The average land cost of the new land parcels was approximately RMB6,923 per sqm.

In respect of geographical distribution, most of these newly-added land parcels are situated in first- and second-tier core cities such as Hangzhou, Ningbo, Suzhou, Xi'an, Hefei and Guangzhou, accounting for 76% of the total saleable amount. In respect of regional distribution, the Yangtze River Delta as an area of strategic importance accounts for 60% of the saleable value, which helps consolidate the Group's performance and position in Jiangsu and Zhejiang region, base of Greentown. The Group has also steadily increased its presence in the Pearl River Delta Area and Chengdu-Chongqing Area, which accounts for 10% of the Group's total saleable value. Thus, business footprint has been further extended and risk resistance capacity for the future has been effectively elevated. In addition, the turnover rate of the newly-added saleable value has been significantly improved. It is expected that 42% of the saleable value will be converted to sales in 2020, representing a year-one-year increase of 8 percentage points.

Table of Newly-added Land Bank in 2019

No.	Land/Project Name	Acquired by	Equity	Total Land Cost/Acquisition Cost (RMB million)	Total GFA (sqm)
1	Hangzhou Guiyu Tinglan	Auction	95%	1,970	115,845
2	Hangzhou Yinlu	Auction	90.16%	965	115,373
3	Hangzhou Chunyue Jinlu	Auction	45.7%	1,917	98,989
4	Hangzhou Oriental Dawn	Auction	47.7%	3,535	192,940
5	Hangzhou Longwu Tea Village	Auction	51%	261	34,271
6	Hangzhou Lakeside Mansion	Auction	100%	4,429	246,619
7	Ningbo Phoenix Mansion	Auction	24.23%	2,340	171,917
8	Ningbo Mingyue Jiangnan	Auction	50%	2,691	209,356
9	Ningbo Shuangdonghui Project	Auction	51%	55	13,973
10	Ningbo Xiaofeng Yinyue	Auction	50.4%	2,445	173,839
11	Ningbo Rail Aipan TOD Block	Auction	51%	891	82,153
12	Ningbo Rail Panhuo TOD Block	Auction	51%	1,252	99,276
13	Fenghua Guiyu Yingyue	Auction	85.04%	600	117,929
14	Fenghua Guiyu Chaoyang	Auction	100%	1,661	244,338
15	Yuyao Fengming Yunlu	Auction	62.5%	1,721	220,976
16	Yuyao Qiaoyuan	Acquisition	35%	85	47,951
17	Jinhua Yongkang Guiyu Tinglan	Auction	56%	1,005	194,463
18	Jiaxing Fenghe Jiuli	Acquisition	20%	76	194,889
19	Haiyan Chunfeng Ruyi	Acquisition	20%	79	273,017
20	Yiwu Orchid Residence	Auction	31.7%	1,929	184,067
21	Yiwu Wanjia Fenghua	Acquisition	26.01%	1,121	524,511
22	Wenling Joy Garden	Acquisition	33%	401	164,254
23	Taizhou Tiantaishan Lotus Town Phase VI Block	Auction	100%	28	18,465
24	Deqing Fengqi Chunlan	Auction	100%	626	101,252
25	Anji Peach Garden Bamboo Residence Phase II Block	Auction	85%	54	8,858
26	Anji Angel Town	Acquisition	40%	320	659,183
27	Shanghai Pearl City	Acquisition	35%	3,600	202,683
28	Suzhou Willow Breeze	Acquisition	75%	2,444	226,508
29	Suzhou Yinshan Lake Block 2019-WG-12, 13	Acquisition	50.33%/49.81%	2,132	349,589
30	Wuxi Sincere Garden	Auction	95.44%	1,866	204,335
31	Xuzhou Sincere Garden	Auction	100%	1,405	226,136
32	Nantong Osmanthus Grace	Auction	100%	1,090	111,254

No.	Land/Project Name	Acquired by	Equity	Total Land Cost/Acquisition Cost (RMB million)	Total GFA (sqm)
33	Hefei Orchid Residence	Auction	48.31%	3,491	324,281
34	Anhui Chao Lake Town	Auction	100%	441	156,661
35	Tianjin Xiqing Miyun Road Project	Acquisition	49%	1,641	357,872
36	Dalian Jinshitan Port Wine Town	Acquisition	60%	310	154,715
37	Dalian Sincere Garden	Auction	62.5%	1,632	233,830
38	Dalian Orchid Residence	Acquisition	51%	138	23,205
39	Jinan Jingshiyi Road Block	Auction	100%	593	68,802
40	Jinan Mingyue Fenghe	Auction	100%	692	93,579
41	Jining Hupan Yunlu	Acquisition	49%	542	354,856
42	Shenyang National Games Village Block S4	Auction	50%	583	160,826
43	Guangzhou Xiaofeng Yinyue	Auction	50%	1,183	115,444
44	Foshan Young City	Auction	80%	1,940	325,930
45	Foshan Shunde District Beijiao Talent Town Block	Acquisition	20.625%	568	566,476
46	Chongqing Chunxi Yunlu	Auction	100%	1,960	270,545
47	Xi'an Guiyu Lanting	Acquisition	30.245%	442	735,290
48	Xi'an National Games Village Block 9-02, 10, 11, 12, Hotel Complex	Auction	100%/51%	2,531	1,113,738
49	Wuhan Guanggu Block 171	Acquisition	31.25%	624	331,364
50	Zhengzhou Hupan Yunlu	Auction	100%	1,940	141,892
51	Zhengzhou Mingyue Binhe	Auction	40.585%	1,423	223,271
52	Kunming High-tech District Keyi Road Block	Auction	100%	786	127,527
53	Jiangxi Gao'an Bafulo Agricultural Complex Project	Auction	34%	305	617,043
54	US Seattle Graystone	Acquisition	70%	333	38,171
Total				**69,092**	**12,364,527**

As at 31 December 2019, Greentown Group had a total of 142 land reserve projects (including those under and pending construction) with a GFA of approximately 38.73 million sqm, of which approximately 22.4 million sqm was attributable to the Group. The total saleable area was approximately 26.48 million sqm, of which approximately 15.21 million sqm was attributable to the Group. The average GFA land cost was approximately RMB6,119 per sqm. Land reserve in first- and second-tier cities accounted for 73% of the total saleable value.

Retaining Characteristics and Pursuing Constant Innovation

In 2019, in addition to actively exploring high-quality traditional development projects, the Group put great efforts into developing featured businesses, continued to maintain its leading position in project management business in the industry, and innovated the product lines through emerging businesses such as TOD (Transit-Oriented Development), town projects, land acquisition by application mechanism, urban renewal, continuously uplifting composite capabilities in development and operation.

Leading in project management industry. The Group firmly maintains a solid position as the largest project management company in the PRC real estate market and earns the trust of customers. The Group was successively awarded the "China's Leading Enterprise in Real Estate Project Management Operation", and was honored with "Annual Influential Business Model Award" and "Annual CSR Contribution Award". As to project management for the government, the Group has gained high recognition from different sectors of society and generated significant benefits to society. In 2019, the scale of the project management business expanded rapidly, with 72 projects added. As at 31 December 2019, the Group had 260 projects under management, with a total GFA of approximately 67.54 million sqm, and a total saleable amount of approximately RMB368.9 billion. Thanks to the continuous expansion of the Group's project management business, its leadership position in the industry has been strengthened and profitability has grown steadily over the years, which would in turn further increase the profit contribution of asset-light business to the Group.

Focusing on implementing town strategy. In line with the trend of reverse urbanization, the Group has seized the historic opportunity of rural collective land entering the market to focus on the development of town projects. To date, the Group has completed the layout of 15 cities with 30 town projects implemented. After the successful launch of a group of towns with industrial features, including Dalian Jinshitan Port Wine Town, Hangzhou Longwu Tea Village, Jiangxi Gao'an Bafulo Agricultural Complex, and Sichuan Cuisine Town in Chengdu, the overall development landscape of ideal towns has been completed. Town projects in large scale with low land cost to saleable value ratio, as well as low peak of shareholder investments and high production to investment ratio have gradually become an important growth pillar of high-quality expansion for the Company.

Accelerating development of featured businesses. The Group has accelerated the promotion of featured projects to seek new growth opportunities and breakthroughs and further enhance profitability. The Group has increased the proportion of land acquisition by application mechanism, and actively captured the opportunities brought by China's rapid development of railway transportation. The Group has accelerated the nationwide layout of TOD projects, and channeled great efforts to become a leading TOD integrated developer and operator in China. To date, 10 TOD projects featuring multi-regions, multi-categories and multi-types of businesses, and seven urban renewal projects including industry parks, future communities and reserved land have been obtained, which contributed to a quality land bank.

Healthy Financial Condition and Smooth Financing Channels

Steady growth in operations. Benefiting from the financial and credit support of its largest shareholder, China Communications Construction Group Ltd. ("CCCG"), and the Company's overall sound operating performance, the net gearing ratio of the Group was 63.2% as at 31 December 2019. Bank deposits and cash (including pledged bank deposits) amounted to RMB51.894 billion. The weighted average interest cost of the total borrowings in 2019 was 5.3%, which fell by 0.1 percentage point as compared to 5.4% in 2018.

Diversified and smooth financing channels. By proactively carrying out market research, capturing the low interest window and exploring financing channels, the Group completed the annual financing target while controlling the interest rate of the open market financing at a record low level. For offshore financing, the Company swiftly captured the right windows in the market in January 2019 by issuing two tranches of three-year USD senior perpetual notes to the public in quick succession within only two weeks in a principal amount of USD500 million in aggregate. Both tranches of perpetual notes have received enthusiastic responses from the market and investors during the book-building period. On 4 November, the Company completed the issuance of 364-day USD600 million senior notes at a distribution rate of 4.55%. Due to the successful pricing strategy and the excellent credit qualification of the Company, the senior notes were highly popular in the market and achieved multiple oversubscriptions, which was again a proof of capital markets' confidence in the Company's sound operating results and its development strategies, and further demonstrated the robust financing capabilities of the Group in overseas capital markets.

For onshore financing, the Group carried out public issuance of bonds in an aggregate amount of RMB18.062 billion with an average interest cost of 4.48% in 2019, representing a decrease of 0.98 percentage point as compared to 2018. It reflected a record low in onshore financing costs, presence of barrier-free channels and reasonable structure. Among these, the Group issued corporate bonds in an aggregate principal amount of RMB1.5 billion with an interest rate ranging from 3.78% to 4.34% per annum, medium-term notes of RMB0.5 billion with an interest rate of 3.84% per annum and perpetual medium-term notes of RMB4.6 billion with interest rates ranging from 5.59% to 5.6% per annum. Meanwhile, the Group further improved its financing innovation capability, liquidated dormant assets, explored new financing channels and innovatively promoted securitization. During 2019, the Group successfully issued hotel CMBS in the amount of RMB1.592 billion with an interest rate of 5.14% per annum, the supply chain ABS in the amount of RMB8.87 billion with interest rates ranging from 3.85% to 4.07% per annum, and the specialized bonds of household leasing in an amount of RMB1 billion with interest rates ranging from 3.61% to 3.98% per annum.

Efficient Management to Improve Quality and Efficiency

Constantly optimized governance structure. In 2019, the Group completed the recomposition of the Board, with the directors and management team becoming more professionalised and market-oriented and the management framework flattened. Also, the Group has continued to optimize its system and mechanism that orient toward operating results, forming an "8+3" structure encompassing asset-heavy and asset-light sectors, and seeing regional companies gradually prosper. In the meantime, internal structure has been adjusted to "7+4", namely, in addition to the original seven functional divisions, four divisions (featured real estate division, town development division, financial division and commerce management division) have been newly established to coordinate resources at all levels and enhance operation efficiency. Horizontal structure of the double "eleven" has on an ongoing basis streamlined management structure while minimizing operating costs.

Efficient operation and accelerated cycles. The Group gradually established a central nervous system for its operation with the mission of "target-orientation and information symmetry". By continuously promoting the construction of "Greentown AI" great operation system and enhancing digital operating management, the Group has achieved efficient planning and arrangement for all projects in their entire cycles. Meanwhile, the Group has gradually improved its risk control system to enhance the dynamic control over shareholding investment companies. Benefited from highly efficient operations management during the Year, the project operation cycles from land acquisition to construction commencement, presale, return on shareholders' investment and delivery were significantly accelerated by 10%, 12%, 2% and 7% respectively.

Emphasis on labor force as strengthened support. The Group adhered to streamlining scheme and enhanced control on both staff and expenses, with talent allocation further optimized and more projects commenced without engaging extra employees throughout the Year. At the same time, the Group firmly promoted project group management by transferring 133 projects to 24 groups, which covered 75% of investment projects. Thus the area under construction per capita increased by 25% year-on-year, which reflected a significant improvement in efficiency. In addition, the Group promoted win-win mechanism at a steady pace. In 2019, 38 new projects were open for co-investment, while 178 existing projects have clarified medium-to-long term incentive measures to effectively boost team momentum. Staff dedication was 11% higher than the premium level in the industry, providing strong support for quality development of the Company.

Generating Synergy with Support of Shareholders

As an exemplary mixed-ownership realty enterprise, the Group is not only strongly backed by the profound strength of state-owned enterprise CCCG, but also the flexible mechanism and vigor of private enterprises. These two factors complement and facilitate each other. In terms of project cooperation, positive progress has been made in projects such as Guangzhou Nansha, Harbin TOD, Sichuan Cuisine Town in Chengdu thanks to our deepening partnership with CCCG. Benefiting from the qualifications and repute of CCCG, the Company's financing capabilities have been further enhanced. In terms of maintaining our product's core competitiveness, from product planning and design to town development and operation, we have received full support from Mr SONG Weiping. In terms of corporate governance, The Wharf (Holdings) Limited, our substantial shareholder, has given valuable advice including on Listing Rules, corporate governance system. Despite market competition amid increasing industry concentration, the Group's outstanding advantages will definitely lay a solid foundation for long-term, stable and high-quality development.

Outlook

In respect of macro policy, with the central government's key tone of "housing instead of speculation" remaining unchanged, and its new measure of "fully implementing targeted policies for different cities" in place, the policy of "three stabilizations" promulgated throughout China is expected to be implemented in a more rapid, flexible and well-directed manner. Looking forward to 2020, policies of regulating real estate market across different urban centers will further differentiate from one another and the real estate operation cycles will vary by city. In addition, affected by the outbreak of COVID-19 since the beginning of 2020, the sales centers of commercial houses have been temporarily closed down and project construction has also been suspended in most cities in China. The Group has performed strict control over the epidemic situation while steadily promoting the resumption of work and production. The Group believes that a better reflection of its advantages and value will be realized by enterprises with solid capability, high-quality products and flexible mechanism in face of difficulties and challenges. The impact of the COVID-19 on the real estate industry is temporary rather than a game changer. Under the current challenge, the demand for high-quality houses and services from customers will witness an explosive growth. The Group will focus on being customer-oriented and further innovate product functions and optimize living services to realize customers' pursuit for better lives.

Although market regulations and COVID-19 have put certain pressure on development, the position of real estate as a pillar industry in China's economy remains unchanged. Moreover, with the steady improvement of people's living standards as well as the continuous progress of urbanization, the industry will be transformed from a rapid growth model to a high-quality development model. The Group will actively respond to changes, take a long-term view from a strategic perspective, leverage its strength as the industry's quality benchmark, adhere to the "Strategy 2025" goal of maintaining "top-notch product quality, number-one customer satisfaction and top comprehensive performance", as well as emphasize the layout of the three main business lines, namely heavy assets, light assets and "Greentown+". First of all, the Group will persist in its main business in the asset-heavy segment by continuing to step up efforts in mergers and acquisitions, striving to develop featured businesses and increasing the quantity and quality of investment through public auction, listing and tendering, so as to improve profitability and optimize business structure; secondly, it will enhance expansion capacity of the asset-light segment, establish Greentown sub-brand of project management, upgrade the current project management model and improve management mechanism to ensure the quality of project management products and cement its No. 1 brand in the project management industry; thirdly, it will enrich the content of the "Greentown+" segment. Centering on the asset-light and asset-heavy segments and focusing on the emerging markets, it aims to lengthen its industry chain and expand the industrial clusters, thus tapping into the value points in the upstream and downstream of the real estate industry as well as creating more value for customers. At the same time, it will improve its management layout, continue to optimize organizational structure, strengthen the work of business committee, shorten the management chain, improve decision-making efficiency and enhance operation efficiency.

In order to achieve the strategic goals and visions of the Company, the Group will strengthen its strategic implementation. We will uphold the product-centric, growth- and profit-oriented principles and improve our development quality, striving to become a front-runner for quality in the real estate industry, a leader in the project management business, and the forward-looking innovator of integrated business.

Saleable Resources in 2020

In 2020, the total saleable area of Greentown Group is expected to reach approximately 16.96 million sqm, with a total saleable amount of approximately RMB358.3 billion. Of these, investment projects are expected to provide a saleable area of approximately 10.45 million sqm, and a saleable amount of approximately RMB267.4 billion, (of which approximately RMB63.5 billion will be attributable to inventory property projects in 2019; approximately RMB203.9 billion is expected to be new saleable properties). The total saleable area in first- and second-tier cities is expected to be approximately 7.72 million sqm, and the saleable amount is expected to be approximately RMB212.4 billion, representing 79% of the saleable amount for investment projects in 2020. In addition, the saleable area of Greentown Group's projects under project management is estimated to reach approximately 6.51 million sqm, with a saleable amount of approximately RMB90.9 billion.

Changsha Bamboo Garden

Financial Analysis

Revenue

The revenue of the Group mainly derives from the sales of properties, as well as from project management, design and decoration, hotel operations, property rental, sales of construction materials, etc. During the Year, the revenue of the Group amounted to RMB61,593 million, representing an increase of 2.1% from RMB60,303 million in 2018. During the Year, the Group's revenue from property sales amounted to RMB54,433 million, accounting for 88.4% of the total revenue and representing a slight decrease from RMB55,274 million in 2018. The area of properties with recognised revenue amounted to 2,970,491 sqm, representing a decrease of 12.5% from 3,393,106 sqm in 2018. The average selling price of properties with recognised revenue was RMB18,325 per sqm, representing an increase of 12.5% from RMB16,290 per sqm in 2018 mainly because Beijing Xishan Mansion and Hangzhou Jinlin Mansion (杭州金麟府), with a relatively high share of sales among the projects with recognised revenue for the Year, are located in the first- and second-tier cities, which have elevated the average selling price to certain extent.

Jiaxing Liu'an Hefeng

Properties with the revenue recognised by subsidiaries for 2019 are as follows:

Project Name	Type of Properties	Area Sold (sqm) (Note)	Sales Revenue (RMB million)	% of Total	Average Selling Price (RMB per sqm)
Beijing Xishan Mansion	High-rise Apartment, Low-rise Apartment	115,270	5,606	10.3%	48,634
Hangzhou Jinlin Mansion	High-rise Apartment	114,303	3,404	6.3%	29,780
Jinan Yulan Garden	High-rise Apartment, Low-rise Apartment, Villa	180,164	3,194	5.9%	17,728
Taizhou Ningjiang Mingyue	Integrated Community	221,959	2,826	5.2%	12,732
Tianjin National Games Village	Integrated Community	98,047	2,539	4.7%	25,896
Hangzhou Arcadia Town	High-rise Apartment, Low-rise Apartment, Villa	130,347	2,489	4.6%	19,095
Wuxi Fengqi Heming	High-rise Apartment, Low-rise Apartment, Villa	80,915	2,345	4.3%	28,981
Hainan Blue Town	Integrated Community	87,790	2,305	4.2%	26,256
Hangzhou Willow Breeze	High-rise Apartment, Villa	52,343	2,289	4.2%	43,731
Shanghai Bund House	High-rise Apartment	12,322	2,207	4.1%	179,111
Others		1,877,031	25,229	46.2%	13,441
Total		**2,970,491**	**54,433**	**100%**	**18,325**

Note: Areas sold include aboveground and underground areas.

During the Year, projects in Zhejiang area achieved property sales revenue of RMB26,650 million, accounting for 49.0% of the total property sales and ranking top. Projects in Shandong area achieved property sales revenue of RMB7,788 million, accounting for 14.3% of the total property sales and ranking second. Projects in Beijing area achieved property sales revenue of RMB6,032 million, representing 11.1% of the total property sales and ranking third.

During the Year, the Group's revenue from sales of high-rise apartments, low-rise apartments and serviced apartments amounted to RMB45,701 million, accounting for 84.0% of the total property sales; sales revenue from villas amounted to RMB7,948 million, accounting for 14.6% of the total property sales; and that from offices amounted to RMB784 million, accounting for 1.4% of the total property sales.

During the Year, the Group's revenue from project management service amounted to RMB1,829 million, representing an increase of 33.9% from RMB1,366 million in 2018. The Group stresses both the light-asset and heavy-asset aspects of its business in its development. Capitalising on its first grade construction, high-quality products and diversified operation model, the Company maintains its leading advantage in traditional project management business and continues to innovate its project management model. Through cooperation with business partners and initial achievement in exploring the general project management model, the Company has gained a good reputation in the industry and become a benchmark for the project management sector. Its project management business, as a whole, has shown a good momentum of development.

During the Year, the Group recorded RMB2,816 million in the revenue from its design and decoration business, representing an increase of RMB292 million or 11.6% from RMB2,524 million in 2018. The high-end fit-out products and services provided by the Group's design and decoration business were highly regarded by clients, sustaining a continuously stable expansion of business scale.

During the Year, the Group's revenue from hotel operations amounted to RMB878 million, representing an increase of 13.1% from RMB776 million in 2018, mainly because Banyan Tree Anji and InterContinental Ningbo commenced operation in the second half of 2018. Our rental income from investment properties amounted to RMB164 million, representing an increase of 92.9% from RMB85 million in 2018, which was mainly attributable to an increase in rental income from the Jinan Financial Centre (濟南金融中心) offices which commenced operation in the second half of 2018.

Gross Profit and Gross Profit Margin

During the Year, the Group recorded a gross profit of RMB15,640 million, representing an increase of 13.7% from RMB13,752 million in 2018, which was mainly attributable to an increase in gross profit margin of property sales revenue in the Year.

During the Year, the Group achieved a gross profit margin of 25.4%, representing a moderate increase from 22.8% in 2018. In particular, the gross profit margin of property sales was 24.8%, higher than 21.3% in 2018, which was mainly because the market highly recognised the adaptability of the Group's projects with leading shares of sales during the Year such as Hangzhou Jinlin Mansion, Hainan Blue Town, Taizhou Ningjiang Mingyue and Hangzhou Arcadia Town, which presented their brand premium and delivered a higher gross profit in sales.

Other Income

During the Year, the Group recorded other income of RMB2,667 million, representing an increase of RMB807 million from RMB1,860 million in 2018. Other income, mainly comprising interest income, default penalty income, dividends from equity instruments at FVTOCI and government grants, grew by 43.4% compared with last year because (i) RMB395 million of interest income and default penalty income was recognised in respect of an independent third party that did not repay the amounts for first-tier land development in time; (ii) doubtful debts were recovered from Dalian Chengda Investment Co., Ltd. (大連城達投資有限公司) which recognised a corresponding interest income of RMB68 million; and (iii) the Group added a number of new joint development projects, incurring more interest income from the increase in the amounts due from related parties.

Administrative Expenses

Administrative expenses include human resource costs, daily operating expenses and other expenses, such as product research and development expenses. During the Year, the Group incurred administrative expenses of RMB4,297 million, representing an increase of RMB402 million or 10.3% from RMB3,895 million in 2018. Administrative expenses are mainly divided into real estate development and related business expenses, non-real estate development and related business expenses, and depreciation and amortisation fees. Non-real estate development and related businesses are mainly project management, hotel business, design and decoration, sales of construction materials and other services.

During the Year, the Group incurred administrative expenses of RMB2,589 million in its real estate development and related business, representing an increase of RMB172 million or 7.1% from RMB2,417 million in 2018, which was mainly attributable to the expanded scale of real estate sales. In 2019, the Company implemented its win-win mechanism, optimised its management and control model, and attained higher per capita efficiency, recording a 22.1% decline in the ratio of expenses as compared to 2018. Human resource costs constituted the single largest expenditure in the administration expenses incurred by real estate development and related business. Such expenditure amounted to RMB1,286 million during the Year, roughly on par with RMB1,283 million in 2018. Daily operating expenses of real estate development and related business amounted to RMB871 million for the Year, representing an increase of RMB81 million or 10.3% from RMB790 million in 2018.

Administration expenses of non-real estate development and related business amounted to RMB1,118 million for the Year, representing an increase of 11.0% from RMB1,007 million in 2018, mainly due to the continuously expanding scale of sales for non-real estate development and related business; operating income grew from RMB5,029 million in 2018 to RMB7,160 million in 2019, with a 22.1% decline in the ratio of expenses compared with 2018.

The Group incurred depreciation and amortisation fees of RMB590 million for the Year, representing an increase of 25.3% from RMB471 million in 2018, mainly because Banyan Tree Anji and InterContinental Ningbo commenced operation in the second half of 2018, which resulted in an increase in the corresponding depreciation and amortisation fee as well as a higher depreciation fee arising from the initial application of the lease standard.

Selling Expenses

Selling expenses mainly include human resource costs, marketing activities expenses and daily operating expenses. During the Year, the Group incurred selling expenses of RMB2,097 million, representing an increase of RMB253 million or 13.7% from RMB1,844 million in 2018. Selling expenses are divided into the expenses for real estate development and related business and the expenses for non-real estate development and related business.

During the Year, the Group incurred selling expenses of RMB1,782 million for its real estate development and related business, representing an increase of RMB207 million or 13.1% from RMB1,575 million in 2018 mainly due to a substantial increase in the volume of project launch and sales compared with 2018, except a 17.8% decline in the ratio of expenses of real estate-related in 2019 business as compared to 2018. As the single largest expenditure in selling expenses incurred by real estate development and related business, marketing activities expenses amounted to RMB951 million for the Year (2018: RMB847 million), representing an increase of RMB104 million or a year-on-year increase of 12.3%. During the Year, human resource costs incurred in real estate development and related business amounted to RMB497 million, representing an increase of 2.5% from RMB485 million in 2018. During the Year, the daily operating expenses incurred in real estate development and related business amounted to RMB334 million (2018: RMB243 million), representing an increase of RMB91 million or a year-on-year increase of 37.4%.

During the Year, the Group incurred selling expenses of RMB315 million for non-real estate development and related business, representing an increase of RMB46 million or 17.1% from RMB269 million in 2018. This was mainly due to the increase in relevant expenses, as operation commenced at Banyan Tree Anji and InterContinental Ningbo in the second half of 2018 and at Deqing Landison Hotel in the first half of 2019, except a 18.0% decrease in the ratio of expenses compared with 2018.

Finance Costs

During the Year, interest expenses recorded in the Group's consolidated statement of profit or loss and other comprehensive income amounted to RMB1,571 million (2018: RMB1,552 million). Interest expenses for the Year totalled RMB6,009 million, representing an increase of RMB592 million from RMB5,417 million in 2018, mainly because the Group had more projects under development with a higher weighted average of loan balance outstanding in the Year. Weighted average interest cost was 5.3% during the Year, which represented a decrease from 5.4% in 2018. During the Year, the Group continued with its breakthrough and innovation in financing, further expanded financing channels and reduced financing costs, helping to propel the business development of the Company. Capitalised interest amounted to RMB4,438 million for the Year with a capitalisation rate of 73.9%, which was higher than 71.3% in 2018 mainly due to more newly-developed projects.

Share of Results of Joint Ventures and Associates

During the Year, the Group's share of results of joint ventures was a loss of RMB76 million and the share of results of associates was a gain of RMB1,003 million, which amounted to an aggregate gain of RMB927 million and represented an increase of RMB426 million from a gain of RMB501 million in 2018. The increase was mainly due to the increase in property sales revenue and the provision for impairment loss of RMB778 million for Qingdao Greentown Huajing Real Estate Co., Ltd. (Qingdao Deep Blue Centre) in 2018 which reduced the Group's share of results of associates by RMB311 million.

During the Year, revenue from property sales recognised by joint ventures and associates totalled RMB26,201 million, representing an increase of 8.3% from RMB24,186 million in 2018. The average selling price of properties with recognised revenue was RMB23,626 per sqm, representing an increase of 27.8% from RMB18,484 per sqm in 2018. Such increase were mainly attributable to the fact that projects with recognised revenue and a relatively high share of sales during the Year, such as Hangzhou Liuxiangyuan and Hangzhou Tianju Mansion, are located in first- and second-tier cities and have elevated the average selling price to a certain extent.

Projects with the revenue recognised by joint ventures and associates in 2019 are as follows:

Project Name	Category	Type of Properties	Area Sold (sqm) (Note)	Sales Revenue (RMB million)	% of Total	Average Selling Price (RMB per sqm)
Wuxi Lihu Camphora Garden	Joint Venture	High-rise Apartment, Villa	70,242	1,236	4.7%	17,596
Shenyang National Games Village	Joint Venture	High-rise Apartment, Villa	61,901	699	2.7%	11,292
Beijing Xifu Haitang	Joint Venture	High-rise Apartment	15,338	698	2.7%	45,508
Hangzhou Liuxiangyuan	Associate	High-rise Apartment	186,330	5,842	22.3%	31,353
Hangzhou Tianju Mansion	Associate	High-rise Apartment	139,223	3,861	14.7%	27,732
Hangzhou Young City	Associate	High-rise Apartment	136,289	3,648	13.9%	26,767
Ningbo Centre	Associate	High-rise Apartment, Office	94,723	1,445	5.5%	15,255
Hangzhou Hope Town	Associate	High-rise Apartment, Villa	66,601	1,344	5.1%	20,180
Dongying Ideal City	Associate	High-rise Apartment, Villa	111,177	799	3.0%	7,187
Dalian Taoyuan Lane	Associate	High-rise Apartment	31,354	666	2.5%	21,241
Others			195,806	5,963	22.9%	30,454
Total			**1,108,984**	**26,201**	**100%**	**23,626**

Note: Areas sold include aboveground and underground areas.

Taxation Expenses

During the Year, taxation included LAT of RMB4,025 million (2018: RMB3,889 million) and EIT of RMB1,993 million (2018: RMB1,640 million). During the Year, the effective EIT rate was 31.8% (excluding the share of results of joint ventures and associates as well as the losses of certain offshore subsidiaries and net foreign exchange loss), higher than the statutory tax rate of 25.0%. This was mainly attributable to the early provision for withholding tax on dividend, the losses of certain onshore subsidiaries with unrecognised deferred tax assets and expenses non-deductible for taxation purposes.

Provision and Reversal of Impairment Losses for Certain Assets

In light of the risk and uncertainty brought by the purchase restriction and the credit tightening policy of the PRC property market, the Company engaged Cushman & Wakefield Limited to provide valuation on certain properties. According to the valuation and test results, the reversal of impairment by Xinchang Greentown Real Estate Co., Ltd., a subsidiary of the Company, for its hotel property (Xinchang Zunlan Mountain Hotel) amounted to RMB19 million and the impairment by Qingdao Greentown Jiaozhouwan Real Estate Development Co., Ltd. for its hotel property (Sheraton Qingdao Jiaozhou Hotel) amounted to RMB84 million during the Year.

During the Year, the Group made provisions for the impairment losses of certain subsidiaries in respect of their completed properties for sale, properties under development respectively, as follows:

Company Name	Project Name	Impairment Losses (RMB million)
Tianjin Greentown National Games Village Construction Development Co., Ltd.	Tianjin National Games Village	174
Wuhan Shuanggu Real Estate Co., Ltd. (武漢雙谷房地產有限公司)	Wuhan Phoenix Mansion	149
Zhejiang Jiande Greentown Real Estate Co., Ltd.	Jiande Beauty Plaza (建德美好廣場)	103
Xinjiang Junfa Greentown Real Estate Development Co., Ltd.	Xinjiang Lily Apartment	52
Beijing Eastern Greentown Real Estate Co., Ltd.	Beijing Jinghang Plaza	36
Total		**514**

In addition, the Group made provision for an impairment loss of RMB797 million based on the expected credit loss impairment model and taking into account a comprehensive range of factors such as the objects of receivables and aging, as follows:

Company Name	Project Name	Impairment Losses (RMB million)
Shenyang National Games Village Construction Co., Ltd.	Shenyang National Games Village	398
Foshan Lvkang Real Estate Co., Ltd. (佛山綠康置業有限公司)	Foshan Guiyu Lanting	99
Tangshan Greentown Real Estate Development Co., Ltd.	Tangshan South Lake Project	132
Others		168
Total		**797**

Contract Liabilities

Contract liabilities mainly represent the amounts received from the pre-sale of properties. As at 31 December 2019, the balance of contract liabilities of the Group was RMB76,325 million, representing an increase of RMB10,058 million or 15.2% from RMB66,267 million as at 31 December 2018. Such increase was mainly due to the increase in contract sales of the Group during the Year.

As at 31 December 2019, the balance of contract liabilities of joint ventures and associates was RMB50,612 million, representing an increase of RMB11,729 million or 30.2% from RMB38,883 million as at 31 December 2018.

Financial Resources and Liquidity

As at 31 December 2019, the Group had bank balances and cash (including pledged bank deposits) of RMB51,894 million (31 December 2018: RMB48,219 million). Total borrowings amounted to RMB95,577 million (31 December 2018: RMB81,458 million) and net liabilities (total borrowings less bank balances and cash) amounted to RMB43,683 million (31 December 2018: RMB33,239 million). Net gearing ratio was 63.2%, which was higher than the ratio of 55.3% as at 31 December 2018 but remained at a reasonable level. Balance of borrowings due within one year amounted to RMB34,941 million, accounting for 36.6% of total borrowings. The closing balance of bank deposits and cash was 1.5 times the balance of borrowings due within one year. Cash flow was sufficient, coupled with a reasonable debt structure, providing a strong support for the prospective development of the Company.

Greentown Group obtained facilities of RMB238.4 billion from financial institutions, of which approximately RMB145.7 billion was available as of 31 December 2019.

Important Acquisition

The Group entered into the Share Transfer and Cooperation Agreement with two independent parties in December 2019 to acquire an aggregate of 35% equity interests in Shanghai Xinhu Real Estate (上海新湖房地產). The entering into of the Share Transfer and Cooperation Agreement was mainly to set out the terms of cooperation for the development of the Target Project, namely Section 4 of Phase Three of the Pearl City Project. The transaction was completed in December 2019. The consideration for the equity transfer was RMB550 million. Such acquisition increased the net profit of the Group by RMB212 million for the Year.

For details of the acquisition, please refer to the announcement of the Company dated 17 December 2019.

Risks of Foreign Exchange Fluctuation

The principal place of operation of the Group is in the People's Republic of China, and the majority of the income and expenditure was settled in RMB. As the Group had deposits in foreign currencies, amounts due from and to related parties and third parties denominated in foreign currencies, as well as bank borrowings in foreign currencies and overseas senior notes, the Group was exposed to foreign exchange risks. No foreign exchange hedging arrangements was entered into by the Company during the Year. A provision of net foreign exchange loss of RMB268 million was made for RMB depreciation, though there was no effective cash outflow. The Company will heed the changes in the foreign exchange market and actively ascertain with banks on foreign exchange hedging proposals.

Financial Guarantees

The Group provided guarantees to certain banks for mortgage facilities granted to buyers of the Group's properties. As at 31 December 2019, such guarantees for mortgage facilities amounted to RMB35,651 million (31 December 2018: RMB33,938 million).

Pledge of Assets

As at 31 December 2019, the Group pledged right-of-use assets, investment properties, properties for development, properties under development, completed properties for sale, property, plant and equipment, pledged bank deposits, trade and other receivables, deposits and prepayments and interests in associates, with an aggregate carrying value of RMB95,868 million (31 December 2018: RMB67,015 million) to secure general credit facilities granted by banks and other financial institutions to the Group.

Capital Commitments

As at 31 December 2019, the Group had contracted, but not provided for, capital expenditure commitments of RMB30,769 million (31 December 2018: RMB25,909 million) in respect of properties for development, properties under development or construction in progress.

Yiwu Peach Garden

Capital Expenditure Plan

In consideration of the complicated and highly uncertain economic environment, the Group takes a prudent approach towards the use of funds to secure the capital chain. Currently, the Group has no material capital expenditure plan.

Human Resources

As at 31 December 2019, the Group employed a total of 7,418 employees (31 December 2018: 7,535). The employees of the Group were remunerated on the basis of their performance, experience and prevailing industry practices. The Group's remuneration policies and packages were reviewed by the remuneration committee of the Company and the Board on a regular basis. As an incentive for the employees, bonuses and cash awards may also be granted to the employees based on their individual performance evaluation.

Retirement Benefit Scheme

The Group has joined a mandatory provident fund scheme ("MPF Scheme") for all employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules.

The employees of the Group's subsidiaries in the PRC are members of the state-managed retirement benefits schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of payroll costs to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the specified contributions.

Zhoushan Changzhi Island Ruxin Town

Biographical Details of Directors and Senior Management

ZHANG Yadong

Chairman of the Board, Executive Director and Chief Executive Officer
Born in 1968

Mr ZHANG Yadong joined the Company in May 2018 and serves as Chairman of the Board, Executive Director and Chief Executive Officer of the Company, responsible for the overall operation management of Greentown China. Mr ZHANG graduated from Liaoning University (遼寧大學), Dalian Institute of Light Industry (大連輕工業學院), and Xiamen University (廈門大學); he has a doctoral degree. Mr Zhang previously served as the assistant to general manager, deputy general manager and general manager of Dalian Great Automobile Enterprise Group (大連大汽企業集團), assistant director and deputy director of Dalian High-tech Zone Management Committee, deputy party chief and mayor of Pulandian Municipal Committee of Liaoning Province, and deputy party chief of party working committee and deputy director of management committee of Dalian Economic and Technological Development Zone, party chief and head of Dalian Urban Construction Bureau, secretary of the leading party members' group and director of Dalian Construction Committee, deputy mayor of Dalian Municipal Government, member of the standing committee and the head of the United Front Work Department of the Dalian Municipal Committee, director and general manager of China Urban and Rural Construction Development Limited (中國城鄉建設發展有限公司) (a wholly owned subsidiary of CCCG). During his tenure as deputy mayor of Dalian Municipal Government, Mr Zhang was responsible for urban construction and management, including overseeing the Dalian Municipal Land Resources and Housing Bureau, Urban and Rural Construction Committee, Planning Bureau, Urban Construction Administration and other related urban construction departments. Mr Zhang has extensive experience in urban and rural construction and real estate management. Mr ZHANG was appointed as the executive Director and Chief Executive Officer of the Company on 1 August 2018 and as the Chairman of the Board of the Company on 11 July 2019.

LIU Wensheng

Executive Director
Born in 1960

Mr LIU Wensheng graduated from Dalian Maritime University (formerly known as Dalian Maritime College) with a bachelor's degree in Engineering. He is a senior engineer. Mr LIU has extensive operation management experience, as he served as the deputy general manager of CCCC Tianjin Dredging Co., Ltd. (中交天津航道局有限公司), the vice-chief economist and the general manager of corporate planning of China Harbour Engineering Company Ltd. (中國港灣工程有限責任公司) and the chief economist of CCCG, the secretary of the board of directors, the company secretary and the chief economist of CCCC, the chairman of CCCC International Holding Limited (中交國際(香港)控股有限公司) and Friede Goldman United, Ltd., as well as the director of CCCC Dredging (Group) Holdings Co., Ltd. (中交疏浚(集團)股份有限公司). Mr LIU was appointed as non-executive Director of the Company on 22 June 2015 and he subsequently was redesignated as executive Director of the Company and was appointed as Co-chairman of the Board on 15 January 2016. Mr LIU resigned as Co-chairman of the Board with effect from 11 July 2019.

GUO Jiafeng

Executive Director
Born in 1965

Mr GUO Jiafeng graduated from Zhejiang School of Construction in 1981, majoring in Industrial and Civil Architecture. Mr GUO has over 32 years ample experience in project development and construction. He formerly joined Greentown in April 2000 and served as an executive Director from July 2006 to March 2015. He also acted as the executive general manager of Greentown Real Estate Group Co., Ltd. and was primarily responsible for the property development of projects in Hunan Changsha, Zhejiang Hangzhou, Zhejiang Zhoushan, Jiangsu Nanjing, Anhui Hefei, Xinjiang, and etc. Mr Guo mainly engaged in his personal businesses during April 2015 to July 2019. Mr Guo was appointed as an executive Director and an Executive President of the Company on 11 July 2019.

ZHOU Lianying

Executive Director
Born in 1965

Mr ZHOU Lianying graduated from Guangzhou Marine Engineering School (廣州航務工程學校) in 1985, majoring in Port Construction Engineering and subsequently majored in Accounting in Tianjin University of Finance and Economics. Mr ZHOU is a senior economist of professor level. Mr ZHOU has rich experience in corporate management and financial management. From October 2000 to June 2006, he successively held positions as deputy chief of the Finance Office, chief of the Finance Office, assistant to the director and division chief of the Human Resources Office in Tianjin Dredging Co. (天津航道局). From June 2006 to June 2009, he served as deputy general manager and manager of the Human Resources Department in Tianjin Dredging Co., Ltd. (天津航道局有限公司). From June 2009 to August 2014, he acted as deputy general manager, deputy chief accountant and director of Guangzhou Dredging Co., Ltd. (廣州航道局有限公司). From September 2014 to July 2019, Mr ZHOU successively served as general manager of Equipment and Material Procurement Management Center of China Communications Construction Company Limited and executive director, general manager, and secretary of the Party Committee of China Communications Materials & Equipment Co., Ltd. Mr ZHOU was appointed as an executive Director and an Executive President of the Company on 11 July 2019.

GENG Zhongqiang

Executive Director
Born in 1972

Mr GENG Zhongqiang graduated from Changsha University of Science & Technology with a bachelor's degree in Finance and obtained a master's degree in Business Management from Dalian Maritime University. Mr GENG is a senior accountant. He joined China Communications Construction Group (Limited) in July 1995 and has extensive experience in operation and management. He was the chief accountant and a member of the Party Committee of China National Real Estate Development Group Corporation Limited from 2012 to 2015. Mr Geng served as the chairman of Beijing Xinfa Real Estate Investment Company Limited (北京信發置業投資有限公司) from 2012 to 2018. He also acted as the general manager, deputy chairman and the deputy secretary of the Party Committee of China National Real Estate Development Group Corporation Limited from 2015 to 2018. From September 2018 to July 2019, Mr GENG has served as the president and the deputy secretary of the Party Committee of CCCG Real Estate Co., Ltd. (a company listed on the Shenzhen Stock Exchange with the stock code of 000736.SZ (中交地產股份有限公司)) and director and a member of the Party Committee of CCCG Real Estate Group (中交房地產集團). Mr GENG was appointed as an executive Director and an Executive President of the Company on 11 July 2019.

LI Jun

Executive Director
Born in 1978

Mr LI graduated from Fudan University in the People's Republic of China in July 1999 with a bachelor's degree in Philosophy. He obtained a master's degree in Laws from the University of Sheffield in the United Kingdom in September 2002. Mr Li has rich experience in operation and management. He joined the Group in November 2008 and served as the general manager of the Company's wholly-owned subsidiary Dalian Greentown Real Estate Development Co., Ltd.* (大連綠城房地產開發有限公司) and the North-eastern Region and Beijing Region general manager of Greentown Real Estate as well as the deputy general manager of Greentown Real Estate. Currently, he serves as a Vice President of Greentown China, primarily responsible for the operation management of the Company. Mr LI was appointed as an executive Director of the Company on 6 April 2018.

Stephen Tin Hoi NG

Non-Executive Director
Born in 1952

Mr Stephen Tin Hoi Ng attended Ripon College in Ripon, Wisconsin, U.S.A. and University of Bonn, Germany, graduating in 1975 with a major in Mathematics. He is chairman and managing director of The Wharf (Holdings) Limited (00004.HK) and Wharf Real Estate Investment Company Limited (01997.HK) (companies listed on the Stock Exchange). Mr Ng joined the Wharf Group in 1981 and was appointed director and chief financial officer in 1987 and managing director in 1989. He was appointed deputy chairman in 1994 and chairman in 2015. Among other listed companies, Mr Ng is the deputy chairman of Wheelock and Company Limited (00020.HK), chairman of Harbour Centre Development Limited (00051. HK) and non-executive chairman of Joyce Boutique Group Limited (00647.HK), all being companies listed on the Stock Exchange. He is also the chairman of Wheelock Properties (Singapore) Pte. Ltd., which was formerly known as Weelock Properties (Singapore) Limited and publicly listed in Singapore until October 2018. He formerly served as chairman and chief executive officer of i-CABLE Communications Limited (a company listed on the Stock Exchange with the stock code 01097.HK) until his resignation in September 2017 and also as a non-executive director of Hotel Properties Limited (SGX:H15, publicly listed in Singapore) until his resignation in December 2018. Mr Ng is a council member, vice chairman of General Committee and a member of Executive Committee of the Employers' Federation of Hong Kong and a council member of the Hong Kong General Chamber of Commerce. Mr Ng formerly served as the non-executive Director of the Company from 15 June 2012 to 27 March 2015 and was re-appointed as a non-executive Director of the Company on 11 July 2019.

JIA Shenghua

Independent Non-Executive Director
Born in 1962

Mr JIA Shenghua is a professor of Zhejiang University and serves as the director of Zhejiang University's Property Research Center. Mr JIA graduated from the Northwest Agricultural University with a doctorate degree in Agricultural Economics and Management. Since 1989, Mr JIA has been teaching and conducting researches in property economics, property development, and enterprise management in China. He furthered his study in Germany from 1993 to 1994. He is currently a member of Zhejiang Enterprises Management Research Society, Zhejiang Land Academy and Hangzhou Land Academy. Mr JIA is also an executive council member of the Global Chinese Real Estate Congress, a presidium member of the China Association of Real Estate Academicians, and a member of the Expert Committee of the China Real Estate Research Association. At present, Mr JIA acts as an independent non-executive director of Hangzhou Binjiang Real Estate Group Co., Ltd. (stock code: 002244.SZ), which is listed on the Shenzhen Stock Exchange. He also acts as an independent non-executive director of Nacity Property Service Co., Ltd. (stock code: 603506.SH), which is listed on the Shanghai Stock Exchange. Mr JIA was appointed as our independent non-executive Director on 22 June 2006.

KE Huanzhang

Independent Non-Executive Director
Born in 1938

Mr KE Huanzhang is currently the chief planning consultant of the Beijing Municipal Institute of City Planning and Design (北京市城市規劃設計研究院). Mr KE Huanzhang graduated in 1962 from Southeast University (東南大學) (formerly known as Nanjing Industrial Institute (南京工學院)) and his major was Construction. Mr KE has over 40 years of experience in the areas of housing, urban and rural development as well as town planning. From 1979 to 1986, Mr KE served as the deputy division chief and deputy director-general of the Beijing Planning Bureau (北京市規劃局). From September 1986 to March 2001, Mr KE was the dean and a professorate senior urban planner of the Beijing Municipal Institute of City Planning and Design (北京市城市規劃設計研究院). Mr KE was appointed as our independent non-executive Director on 22 June 2009.

SZE Tsai Ping, Michael

Independent Non-Executive Director
Born in 1945

Mr SZE Tsai Ping, Michael is a fellow of Institute of Chartered Accountants in England and Wales, Hong Kong Institute Certified Public Accountants and Association of Chartered Certified Accountants. Since 2007, Mr SZE has been appointed as an independent non-executive director of Harbour Centre Development Limited (stock code: 00051.HK), and also served as the chairman of the Audit Committee and the Remuneration Committee and a member of the Nomination Committee of that company. Mr SZE has over 30 years of experience in the financial and securities field. He graduated with a Master of Laws (LLM) degree from the University of Hong Kong. He was a former member of the Securities and Futures Appeals Tribunal. He was also a former council member and member of the Main Board Listing Committee of the Stock Exchange of Hong Kong Limited. Mr SZE was appointed as our independent non-executive Director on 22 June 2006.

HUI Wan Fai

Independent Non-Executive Director
Born in 1976

Mr HUI Wan Fai is appointed as the managing partner of PAG (formerly known as Pacific Alliance Group) since 2012. Mr HUI has previously served the Blackstone Group as a managing director. Mr HUI was a managing director of Mellon HBV Alternative Strategies LLC, a New York based hedge fund under Mellon Bank, from 2005 to 2006, where he acted as head of distressed investment for China. Mr HUI obtained a bachelor's degree in Business Administration from the University of Hong Kong in 1998 and a master's degree in International and Public Affairs from the University of Hong Kong in 2002. He also obtained a master's degree in Business Administration from INSEAD in 2004. Mr HUI holds the qualifications of Certified Public Accountant from the Association of Chartered Certified Accountants, United Kingdom, Chartered Financial Analyst from the CFA Institute, the United States of America and Associate of HKICS from the Hong Kong Institute of Chartered Secretaries, Hong Kong. Mr HUI was appointed as our independent non-executive Director on 1 April 2012.

Senior Management

LI Sen, born in 1964, is currently the executive president and the secretary of the Party Committee of Greentown China, and is primarily responsible for party affairs and strategic planning. Mr LI graduated from Huaibei Coal Industry Normal College (淮北煤炭師範學院), Capital University of Economics and Business (首都經貿大學) and Tongji University, and obtained his doctoral degree. Mr LI previously worked for the Organization Department of Central Committee of the CPC and National Academy of Governance. He also served as the deputy mayor, member of the standing committee, head of publicity department and head of organization department of Liaoyuan, Jilin Province, the secretary of the Party Committee and deputy chairman of the United Real Estate of CCCC (中國交建聯合置業), the deputy secretary of the Party Committee, secretary of disciplinary inspection committee and chairman of supervisory committee of CCCG Real Estate Group Co., Ltd, chairman of supervisory committee, general manager of the human resources department and head of organization department of the Party Committee of CCCC. Mr LI joined the Group in March 2020.

DU Ping, born in 1970, is currently a Vice President of Greentown China. He is primarily responsible for the branding, marketing, customer service of the Group and developing new business sectors such as housing 4S, commercial operation, elderly care service and smart community, which centre on housing and living services. Mr DU graduated from Hangzhou University with a bachelor's degree in Arts. Mr DU began his career in July 1990 and used to work for Hangzhou Daily (杭州日報社) as a reporter, a senior reporter, a chief reporter, the director of sports department, the director of the financial news center, and a member of editorial committee. Mr DU joined the Group on 9 March 2015.

ZHANG Jiliang, born in 1963, is currently a Vice President of Greentown China, and is mainly responsible for town development of the Group. Mr Zhang has successively obtained a bachelor's degree and a master's degree in Engineering from Tsinghua University, and a doctorate degree in Engineering from Dalian University of Technology. Mr Zhang is a senior engineer and a national first-class registered Architect. Mr Zhang used to work for Dalian Institute of Architectural Design and Research, Dalian Xinghai Bay Construction Management Center and Dalian Urban and Rural Construction Committee. He was the director of the Planning and Construction Bureau of Dalian Economic Development Zone, the director of Dalian Planning Commission and the deputy director of the Municipal Planning Bureau. Mr Zhang has extensive experience in construction design, urban and rural planning and construction management. He joined the Group in April 2019.

GUO Xiaoming, born in 1972, is currently a Vice President of Greentown China, and is mainly responsible for Southern Region of the Group. Mr Guo graduated from Zhejiang University of Science and Technology (浙江科技學院), majoring in Industrial and Civil Architecture. Mr GUO has over 20 years of experience in the real estate industry and has extensive experience in project development, engineering construction, and management. Mr GUO joined the Group in August 1996,who has served as the manager of Hangzhou Jiuxi Rose Garden Engineering Department, the manager, deputy general manager and general manager of Greentown Hangzhou Peach Garden Engineering Department. From December 2007 to December 2015, he was the executive general manager of Greentown Real Estate Group Co., Ltd., responsible for the operation and management of projects in Hangzhou, Ningbo, Nanjing, Kunshan, Guangzhou, Hainan, etc. From February 2017 to August 2019, he was the general manager of Greentown Luming Construction Management Co., Ltd (綠城綠明建設管理有限公司).

XIAO Li, born in 1974, is currently the Chief Engineer and Assistant President of Greentown China, primarily responsible for the research and development of products, engineering development and cost procurement and collection of the Group. Mr XIAO graduated from Nanjing Construction Engineering College (南京建築工程學院), majoring in Industrial and Civil Architecture. Subsequently, he studied in Zhejiang University, and obtained a master's degree, majoring in Business Administration. Mr XIAO has over 20 years of work experience in the real estate industry. He started working in July 1996, and worked for Zhejiang Huazhe Industrial Development Company Limited (浙江華浙實業開發有限公司) and Zhejiang Shenghua Real Estate Development Company Limited (浙江升華房地產開發有限公司). Mr XIAO joined the Group in March 2004.

SHANG Shuchen, born in 1964, currently serves as the Board secretary of Greentown China (a member of core management team), director of the Board of Directors office and director of CEO office. Mr SHANG is primarily responsible for coordinating board and general meetings of Greentown China, coordinating operations of CEO office, internal audit and investor relations. He graduated from Liaoning Youth Administrative Cadre College (遼寧青年管理幹部學院) and Shenyang Agricultural University (瀋陽農業大學) with a master's degree. Mr SHANG served as the league secretary, chairman of the labor union, secretary of disciplinary inspection committee, deputy secretary of the municipal committee, standing deputy city mayor of Zhuanghe City, Liaoning Province; the deputy secretary of the party working committee and deputy head of the administration commission of Dalian Recycling Industry Economic Area; the deputy director of organization department of Dalian Municipal Committee; a member of the party working committee and deputy head of the administration commission of Dalian Jinpu New Area, and the party secretary and the head of administration commission of Dalian Jinshitan National Tourist Resort. Mr SHANG has extensive experiences in organizational building, cadre and talent management as well as administrative management. Mr SHANG joined the Company in April 2019 and was appointed as the director of the party affairs office of the Company on 11 April 2019. He was then appointed as the director of the Board of Directors office and director of CEO office on 16 December 2019 and as the Board secretary (a member of core management team) of the Company on 20 March 2020.

Environmental and Social Responsibility Report

Lin’an Qingshan Lake Rose Garden

Environmental and Social Responsibility Report

About the Report

Basis of Preparation

It is the fourth Environmental and Social Responsibility Report (the "Report") published by the Group for the public. The Report discloses the efforts and achievements made by the Group in achieving sustainable development in 2019. Through this report, we hope that you will understand our efforts better and be willing to feed back your expectations on us, in order to enhance mutual trust.

Scope of the Report

The purpose of the Report is to give a balanced account of the Group's environmental and social matters. Unless otherwise stated, the scope of the Report covers the Company and its subsidiaries for the reporting period from 1 January to 31 December 2019. The content regarding the corporate governance of the Company will be presented separately in the section headed "Corporate Governance Report" in this annual report.

Guidelines of the Report

The Report has been prepared on a basis of the four reporting principles of Materiality, Quantitation, Balance and Consistency in accordance with the Environmental, Social and Governance Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") of The Stock Exchange of Hong Kong Limited (the "HKEx"), and has complied with the provision of "comply or explain".

Declaration of the Report

The Report focuses on process management and comprehensively introduces the philosophy, actions, effectiveness and commitments of the Group in respect of sustainable development matters during the Year. The Board is responsible for the reliability and truthfulness of the information in the Report. We would like to enhance the communication with our stakeholders and display the management transparency of the Company through the publication of the Report, as well as to achieve sustainable development in the economic, social and environmental aspects.

1. Sustainable Development Management

1.1 Practicing the responsibility of communication

It is essential for an enterprise to build a close relationship with stakeholders for sustainable development. The Group has conducted sufficient conversations and dialogues with stakeholders through various channels, to promptly respond to their expectations on, and cares for, us.

Major Stakeholders	Expectations and Appeals	Communication and Response
Customers	Product quality and safety Customer service Customer privacy	Company website Organization of customer activities Wechat Official Accounts Customer satisfaction surveys
Partners	Honesty and trustworthiness Common development	Public tendering Site visit Email
Employees	Salary and welfare Occupational health Staff training and education	Department meeting Training demand surveys Trade union activities and party-masses activities
Shareholders and investors	Risk control Rights and interests of shareholders Information transparency	Company website Wechat Official Accounts Annual report, interim report Shareholders' meetings Investors' meetings
Communities	Community services	Organization of various public welfare activities Community construction
Governments and regulatory authorities	Compliance with laws and regulations Information disclosure	Regular communication with governments and regulatory authorities Delivery of compliance report that meets regulatory requirements

The Group determined the key content to be disclosed by the Report through understanding the issues concerned by the stakeholders during the communication process. The detailed information is elaborated in the subsequent chapters.

1.2 Safeguarding Legitimate Operation

1.2.1 Anti-corruption

The Group strictly complies the Criminal Law of the People's Republic of China, the Company Law of the People's Republic of China, the Anti-Money Laundering Law of the People's Republic of China and other regulations on preventing bribery, extortion, fraud and money laundering, and has formulated the Management Standards of Supervision Work of Greentown China and the Integrity and Self-discipline Standards for Staff and the Measures of Suspension for Inspection and other policies to regulate integrity and self-discipline of staff and improve the corporate governance. The Group has not received any illegal or irregular incidents concerning bribery, extortion, fraud and money-laundering for the Year.

The Group has established a working system of rewarding reporting, integrity interview and blacklist mechanism, requiring anyone who knows about any integrity related issues involved by all employees to be responsible for reporting, and he/she will be given a material reward as long as the situation is proved to be true after comprehensively taking into consideration the nature and consequence of the issue and the importance of the reporting clue.

Greentown China launched an anti-corruption promotion and education campaign in November 2019

In addition, in order to further strengthen the internal supervisory mechanism and ensure the regulated and orderly development, the Management Standards of Supervision Work of Greentown China has made specific provisions on supervision procedures, including determination of investigation items and objects, giving of notice to the objects to be investigated, formation of an inspection report via supervisions, and follow-up of results of handling, and establishment of monitoring files. If the unit or individual under investigation violates the standards by refusing to provide or delay providing, transferring, concealing, tampering with and destroying the information related to the investigation items, or by refusing or obstructing the inspection, the disciplinary inspection and supervision team would have the power to order corrections, and those who refuse to make correction will be investigated for administrative responsibility as a responsible person.

1.2.2 Integrity and Honesty

Product Promotion

The Group strictly complies with the Advertising Law of the People's Republic of China, the Trademark Law of the People's Republic of China, the Regulations on the Management of Advertisements, and the Provisions on the Release of Real Estate Advertisements, based on which the Guidelines for Compliance Advertising and Promotion was formulated. The Group did not receive any case of violations against laws or regulations related to advertising and labeling during the Year.

The Group requires the word "Advertisement" to be clearly marked to advertisements published through the mass media. Advertisements that use data, statistics, survey results, abstracts, quotes, and other citations should be true and accurate with source indicated, and refrain from deceiving or misleading customers through false or misleading contents. Sales brochures, sand table models, lobby announcements should be removed, replaced, updated, sealed and ceased for distribution if they did not meet the final status of delivery due to adjustments in the planning content in previous publicity or changes in public service facilities.

Intellectual Property

Strengthening the establishment of the intellectual property management system is an effective approach to continuously improve the capability for intellectual property management and enhance core competitiveness. To enable our employees to be more aware of intellectual property protection, the Branding and Marketing Center of Greentown China has been taking the lead and involving each functional center to organize research and training activities in relation to intellectual property since April 2019, which cover main points of intellectual property protection, spread of basic knowledge of intellectual property and other aspects.

On 18 December 2019, Greentown Real Estate passed the certification of the national standards of the Enterprise Intellectual Property Management (GB/T29490-2013) and obtained the "Intellectual Property Rights Management System" certification.

1.3 Conducting Transparent Procurement

The Group is committed to building a responsible supply chain and actively calls on upstream and downstream supply partners to jointly perform social responsibilities. On the basis of complying with relevant laws and regulations such as the Tendering and Bidding Law of the People's Republic of China, we further formulated the Management Standards on Procurement of Materials and Equipment, the Management Standards on Strategic Suppliers of Materials and Equipment, the Management Standards on Centralized Procurement of Materials and Equipment and other systems. We advise and require our suppliers to recycle the waste in construction sites, control and manage waste gas and wastewater, etc. to make the best efforts to reduce environmental and social risks in each process of the supply chain. During the bidding process, we also require the tenderee to provide a series of technical supporting documents for bidding, including the production license of the tenderer's brand, 3C certification and other environmental certifications, product type certification, test reports of the product and its parts and accessories, or qualification documents within the scope of the bidding.

The Group requires that, all materials procurement through bidding and price comparison must be carried out on the transparent bidding and procurement platform (http://zc.gtcloud.cn), and non-bidding procurement of various materials must be approved under applicable approval authority as the Group prohibits any procurement without approval. If any bidding and procurement staff being suspected of committing business bribery and seriously violating any company disciplines, and verified by the supervision department after investigation of relevant facts, he/she will be warned or dismissed by human resources department, and the responsible person of his/her department should take the responsibility of weak leadership and failure in monitoring.

In order to monitor and ensure the service quality of strategic centralized procurement suppliers ("Strategic Supplier(s)"), in November each year, the Product Management Center of the Group issues a special notice on the annual comprehensive assessment of Strategic Suppliers and organize departments at all levels to implement such assessment. Each project must complete the Materials and Equipment Supplier Performance Evaluation Form of each category in strict accordance with requirements set out in the notice, and report to the product center of respective subsidiary within 7 working days after the approval by the approval authority. The subsidiaries' product center will summarize the forms and submit to the Product Management Center. The Product Management Center will complete the determination of Strategic Suppliers' grading based on the annual comprehensive evaluation scores and grading standards of Strategic Suppliers at the end of December each year, and publish the evaluation results on the OA/ERP office platform in January to February in the coming year.

Case: Greentown China Suppliers Meeting 2019

On 17 April 2019, Greentown China Suppliers Meeting 2019 was successfully held, with nearly 60 excellent supplier representatives from all over the country attended.

At the meeting, Greentown China granted the special awards to the excellent suppliers in 2018, and some supplier representatives also shared the experience of cooperation with Greentown China on the spot, expressing their beautiful vision of a win-win situation for both sides which is based on continuing dedicated and sincere bilateral cooperation and innovation.

2. Building an Platform for Our Employees

2.1 Safeguarding Employees' Rights and Interests

Regarding its employees as valuable assets, the Group strictly abides by the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Social Insurance Law of the People's Republic of China and other relevant laws and regulations, and by pursuing the United Nation's Universal Declaration of Human Rights and the International Labor Organization's purposes on the fundamental principles and rights at work, the Group respects human rights, prohibits child labor and forced labor, and opposes discrimination in any form. Through the establishment of detailed internal systems and the building of communication channels for employees, the Group actively protects the rights and interests of employees. During the year of 2019, the Group didn't experience any illegal events relating to recruitment, dismissal, remuneration, promotion, working hours, holidays, equal opportunities, diversity and anti-discrimination.

Labor employment	• **Recruitment:** The Group has formulated the Recruitment Management Standard based on the principles of reasonable planning, priority to internal recruitment, possession of both integrity and capability, avoidance of relatives and scientific evaluation. This system standardizes the operation requirements of recruitment plan, implementation and approval, so as to ensure the reasonable talent structure and talent reserve of the Company and realize the optimal allocation of human resources. • **Labor standards:** The Group advocates equal opportunities, diversification and anti-discrimination in the process of labor, and adheres to legal employment and management according to law. In the recruitment process, the Group resolutely put an end to the employment of child labor by identifying the age of the candidates and comparing with the ID card information. In the approval process, the Group clearly defined the labor relationship and put an end to forced labor by signing labor contracts with employees. In this Year, the Group had always adhered to legal employment and management, and did not involve in any situations relating to child labor or forced labor. • **Dismissal:** In accordance with the principles of timely response, full communication, peaceful resignation and compliance with the laws and regulations, employees and the Group can terminate the labor relationship after reaching consensus through negotiation as required.
Working hours and holidays	Employees of the Group work from Monday to Friday, and enjoy statutory holidays and public holidays, legal annual leave, marriage leave, maternity leave, bereavement leave and so on.

Remuneration and benefits	• **Remuneration:** The Group's remuneration system consists of fixed remuneration, floating compensation, allowances and benefits and others. Fixed remuneration is an important component of employees' total cash remuneration. Floating compensation includes short-term, medium-term and long-term incentives. The establishment of short–, medium – and long-term incentive mechanism, as well as an effective win-win mechanism for employees, enterprises and shareholders, provides the best guarantee for implementation of the Group's strategies and the healthy growth of the team. • **Benefits:** The Group has provided a variety of competitive extra benefits, including transportation subsidies, communication subsidies, holiday and festival subsidies, meal subsidies, health management plan for employees and their families, supplementary commercial insurance, condolences payment and congratulation payment, etc.

2.2 Valuing Employees' Health

The Group has been working hard continuously to create a safe and protected working environment for the employees. While following relevant laws such as the Fire Prevention Law of the People's Republic of China and the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, the Group also established "Home of Staff" and carried out "Staff's Life Service System" to care about the employees' physical and mental health. The specific policy initiatives include:

- **Staff's Life Service System**
  Through the provision of physical examinations for employees and their families, the establishment of staff's health records, the improvement of staff canteen management and the organization of multiple staff activities, the Company creates a family-like atmosphere, making employees work pleasantly.

- **Full Life-cycle Staff Care**
  In addition to the statutory benefit projects, we also provide other benefit policies such as a biannual physical examination and health interpretation as well as celebration for staff's birthday and congratulations on their marriage and childbirth.

- **Team Activities**
  Team activities are important expressions of staff care. A variety of colorful team activities will be organized on New Year's Day, Spring Festival, Women's Day, Children's Day, Mid-Autumn Festival and Double Ninth Festival or according to the change of seasons to make the employees relaxed.

Picture: Staff taking part in team activities such as basketball and football games, trailwalking and yoga training

Case: Successful holding of "New Me Project" sports games

On 23 October 2019, the "New Me Project" National Sports Games of Greentown China and the finals of Greentown China's first employee football game were hosted in Hangzhou.

"New Me Project" was warmly welcomed by employees since being carried out in August. Players said that the sports games not only provided a platform for them to build up their bodies and show themselves, but also created a strong fitness atmosphere, encouraging everyone to work out a healthy body.

2.3 Facilitating Employees' Development

The Group attaches great importance to the quality of the staff, and pays attention to the overall improvement of the staff's leadership and business skills. The Group has established the hierarchical classification system of training and development based on our employees' life cycle, which enables new employees to accept full-range and matrix training and ensures that our employees in different stages of career development are provided with corresponding training programs for their growth.

In order to remove obstacles from the promotion and development of employees, the Group implements a dual-channel development path for management sequence and professional sequence, and supports the employees in developing themselves into the excellent and influential senior management and professional talents in the industry through policies and initiatives such as mentor system, rotation system, internal talent flow, harvest plan and echelon selection.

Training and Development Projects

Business College Project

The “Business College Project” is a development program of the highest level of the Group, aiming to cultivate strategic management cadres. From September 2018 to November 2019, a 14-month training of mini-MBA of “Business College Project” of Greentown China was launched.

Rainbow Program

The “Rainbow Program” aims to reserve talents for the positions of general manager of the project companies. The program helps the trainees with transforming from functional managers to managers for overall operation by learning professional content such as real estate project management, real estate development, etc. In March 2019, 79 trainees from various departments of Greentown China participated in the sixth session of training of the “Rainbow Program”.

Sunflower Program

The "Sunflower Program" is a training and development project launched for the project directors, aiming to help project companies with setting up their leading teams of operation and reserving Middle-class cadres for the rapid development of the Company. During the Year, three sessions and ten stages of study of the "Sunflower Program" were launched with a total of 236 trainees participated.

Young Backbone Class Program

The "Young Backbone Class Program" is a training and development project launched for the backbone staff of the Group's (deputy) manager/supervisor level, aiming to help the target trainees with completing the key leap from managing themselves to managing others and from specialty to management. During the Year, five sessions and thirteen stages of study of the "Young Backbone Class Program" were launched with a total of 416 trainees participated.

Yellow Lemon Program

The "Yellow Lemon Program" is a training project launched for the new staff from social recruitment with relevant work experience, strong professional ability and some development potential. During the Year, fifteen sessions of the "Yellow Lemon Program" were launched with a total of 1,940 trainees participated.

Green Lemon Program

The "Green Lemon Program" is a training project launched for new graduates staff, aiming to help trainees with successfully taking the first step into the workplace and quickly realizing a comprehensive understanding of the Company's strategy, culture, products, etc. During the Year, 182 new staff members recruited at school participated in a session of training of the "Green Lemon Program".

3. Creating Value for Customers

3.1 Carrying Forward the Craftsman Spirit

Craftsman spirit leads the Group to innovate in inheritance, constantly seeking more valuable and viable products. In accordance with laws and regulations such as the Product Quality Law of the People's Republic of China and the Urban Real Estate Administration Law of the People's Republic of China, the Group has prepared a series of standards including the Greentown China Quality Red Line Management Standards and the Third Party Engineering Quality Assessment Management Standards, and strives to interpret the connotation of craftsman spirit of the era in its practice and provides safe and healthy products with high quality for customers.

Case: Winner of "Golden Horse Award • Best Craftsmanship for A Listed Company"

On 27 December 2019, the third session of New Era Capital Forum was held in Beijing. Greentown China was invited to attend the forum and was granted the "Golden Horse Award ·Listed Company of Craftsman Spirit". This award did not only represent the market's recognition and encouragement for Greentown China's stable operation, but also represented the recognition of the Company's craftsman spirit from all walks of life.

As for engineering management, through preparing the Implementation Standards for Japanese-styled Engineering Management, the Group further clarifies the operation process and management methods of Japanese-styled engineering management. Aiming to advance the Group's product development orientation and continuously improve product quality, the standards involve more than 30 specific management regulations with fine classification and detailed requirements from standardized meeting system to unified clothing on construction sites; from safety inspection system to standardized measures on sites (such as standardized measures of Japanese-styled safety education, site hardening, site closure, facilities cleaning, etc.); from detailed measures to visual management.

Display of Project Case under the Japanese-styled Engineering Management:

Construction method for aluminum mold: achieve accurate control of vertical deviation of wall column and ceiling level difference within 5mm in 11 processes.

Construction method for roofing: ensure that the roof does not leak and is convenient for maintenance with up to 7 layers of roof waterproofing coating process and a variety of materials such as polyurethane waterproof coating, extruded polystyrene boards and others.

Installation method for water and electricity equipment: can clearly display the cross-section details of water and electricity equipment installation.

Construction method for interior wall: hollowing and cracks are effectively controlled by using lightweight panels of autoclaved ceramsite concrete for partition wall.

Three major construction methods for fine decoration: include 11 construction processes for light steel keel gypsum board, 7 process flows for wallpaper mounting, and 9 process flows for floor heating construction.

In terms of quality supervision, the Group has invited third-party organizations to carry out unannounced on-site inspection, conducting quality assessments on product's appearance quality, security and workplace cleaning, management and control of materials, sample management, anti-leakage management, red-line control and others, in order to build a multi-perspective and all-round quality supervision system. To eliminate the hidden dangers of unqualified materials, Greentown China always adheres to the "monthly inspection" instead of the common quarterly sampling inspection on the market, which covers all investment projects with high-frequency, full-coverage and strict-standard practice, striving to ensure the project materials are safe and reassuring. From volatile categories of formaldehyde, total volatile organic compounds (TVOC) and other toxic gas, radioactive categories of natural stone and others to structural safety categories of doors, windows and curtain wall system, the third-party inspection of Greentown China firmly focuses on the four major sensitive points of materials of "health, safety, function, lifetime", about which the owners most concern, and involves 112 types of materials to be inspected and 157 national standards to be observed.

Test site in the laboratory

3.2 Superior Quality Service

The Group further enhances the quality control in the area where customers care most, clearly defining violation or omission behaviors that may cause serious quality and safety hazard or induce a complaint, and putting a price on it. In view of the possible risk of receiving complaints about products and services, the Group has also formulated a series of management policies and standards, such as Greentown China Basic Norms on Handling Customer Complaint, Greentown China Accountability System of Handling Customer Complaints and Greentown China Inspection Standards of Customer Complaint Risks to ensure that customer complaints can be handled timely and effectively.

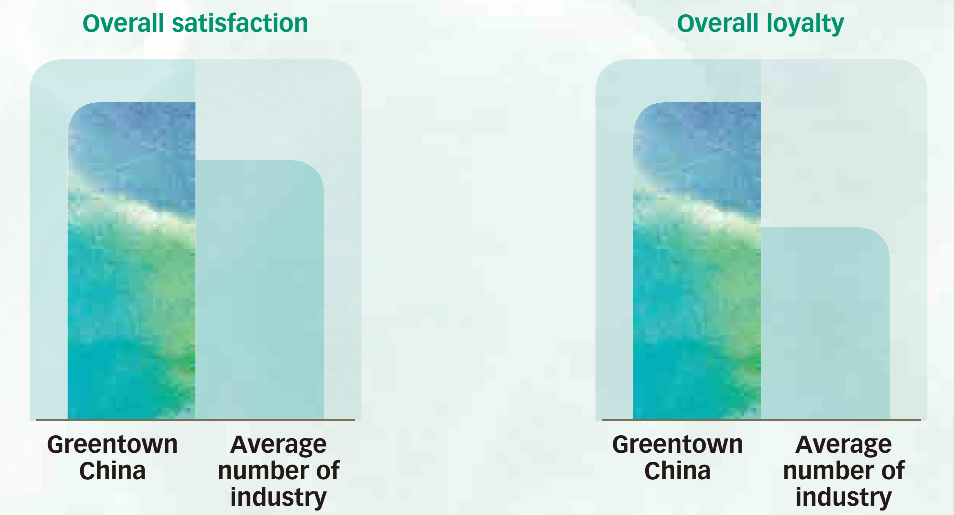
- Greentown China Basic Norms on Handling Customer Complaint: It explicitly provides the grades, responsibilities and treatment standards on customer complaints and establishes the principal for complaint handling. Meanwhile, it determines the duties, division of work, procedures and accountability mechanisms when handling a customer complaint in each level.

- Greentown China Accountability System of Handling Customer Complaints: It is aimed to supervise and punish units or individuals at all levels for resulting in customer complaints, or for causing damages of or bringing negative influence on the benefits of the Company (including economy, corporate image, corporate reputation, etc.) due to their failure to perform responsibilities intentionally or negligently, or unfaithfully perform their responsibilities. At the same time, it defines the responsibilities which should be shouldered by all employees, suppliers and responsible person in the entire process of managing customer complaints.

- Greentown China Inspection Standards of Customer Complaint Risks: It is designed to standardize joint inspection's quality on customer complaints, set up standardized inspection process and strengthen the promotion mechanism and joint supervision system of inspection improvement to further enhance the capability of project construction, the level of service and the quality of products and service.

Since 2007, the China Index Academy has carried out the survey of urban resident satisfaction in national major cities for 13 consecutive years, comprehensively measuring the residents' living satisfaction in major cities and setting up the service standardization for the whole industry and for all cities. By the end of the Year, Greentown China achieved good results in Chinese urban residents' satisfaction survey for 9 consecutive years and was awarded the "Chinese Leading Real Estate Companies by Customer Satisfaction" for 8 consecutive times. According to the Chinese urban residents' satisfaction survey, Greentown China leads the industry with an overall satisfaction score of 89.3, ranking first in 12 cities including Hangzhou.

2019 Greentown China Homeowner's Satisfaction Data



Ranking first in 12 cities including Hangzhou, Hefei, Jinan and Ningbo in terms of satisfaction.

Ranking first in 7 cities including Hangzhou, Beijing, Hefei and Jinan in terms of loyalty.

In addition, the Group also attaches much importance to customer privacy protection and actively complies with the requirement of laws and regulations such as the Internet Security Law of the People's Republic of China, and strictly stipulates that information collected from customers can only be used for business development and customer relationship management and shall not be used by anyone beyond the prescribed scope of use. It also strengthens network security checks through safe and stable system security measures to ensure the safety of customers' information. During this Year, the Group was not aware of any events in relation to the violation of laws and regulations for leaking of customer privacy.

4. Building a Beautiful City

4.1 Green Management

On the matters in respect of emission management, resources utilization and reducing the substantial impact on the environment and natural resources, the Group has strictly complied with laws and regulations and relevant industry standards including the Environmental Protection Law of the People's Republic of China, the Environmental Noise Pollution Prevention and Control Law of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China, the Law of the People's Republic of China on Environmental Impact Assessment, the Decision of the State Council on Implementing the Scientific Outlook on Development and Strengthening Environmental Protection, the Administrative Measures for the Environmental Protection Acceptance of Completed Construction Projects and the Administrative Measures for the Collection and Utilization of Funds for the Disposal of Discarded Electrical and Electronic Products, and also formulated a series of environment management policies such as the Notice on the Standardized Management of the Company, so as to advocate green operation.

The Group aims to strengthen the training of energy saving and emission reduction for the newly joined staff by organizing environmental-friendly promotion campaigns, which effectively promoted and implemented energy saving and emission reduction. With various promotions and systems in place, the staff of the Group have raised awareness on environmental issues, such as energy saving and emission reduction, water saving as well as waste reduction, ensuring further standardization of the environmental efforts of the Group, and laying a solid foundation of the subsequent implementation of green management. During this Year, there was no breach of laws and regulations by the Group on air and greenhouse gas emissions, discharges into water and land, waste emission and noise pollution.

Owing to the specific construction works mainly undertaken by professional contractors, the Group's greenhouse gas and air pollutant are mainly derived from the utilization of electricity in workplace, and the use of vehicles in business operation. To reduce the amount of such emissions and the impact on the environment and natural resources, the Group has initially compiled the green office policy and adopted the following measures. For the Year, the Group's total greenhouse gas emission was 21,401 metric tonnes, and the total greenhouse gas emission density was 0.20 metric tonnes per sqm GFA.

Measures to manage energy and reduce greenhouse gas/air pollutant emissions:

- encouraging our staff to take public transportation;
- cutting down unnecessary business trips;
- cleaning and maintaining lightings and air conditioners on a regular basis (at least twice a year) to ensure their effective operation;
- requiring our staff to turn off all of the electric equipment when leaving office;
- strictly controlling the use of air conditioners, such as turning off the air conditioners timely when there is nobody in the office for a prolonged period of time and only turning on the air conditioners in the event of specified temperatures except for special circumstances. Specifically, in the summertime, the air conditioners can only be turned on for the cooling purpose when the indoor temperature is above 30°C and the cooling temperature should not be set below 26°C in principle; and in the wintertime, the air conditioners can only be turned on for the heating purpose when the outdoor temperature is below 15°C and the heating temperature should not be set above 20°C in principle;
- organizing tree-planting activities

Posting "Energy Saving and Emission Reduction" Slogans

Green Office Initiative

Greenhouse gas emission (scope 1 and scope 2)	2019 [1]	2018	2017	Unit
Vehicle emission (scope 1) [2]	1,886	1,083	3,063	metric tonnes
Diesel generator emission (scope 1)	0	0	0.55	metric tonnes
Greenhouse gas offsetting by trees (scope 1) [3]	-17.71	–5.41	–379.45	metric tonnes
Electricity consumption emission (scope 2) [4]	19,533	11,862	16,000	metric tonnes
Total greenhouse gas emission	21,401	12,940	18,685	metric tonnes
Total greenhouse emission density [5]	0.20	0.14	0.21	metric tonnes/sqm GFA

Air pollutant emission from vehicles [6]	2019	2018	2017	Unit
CO emission	11,944	9,621	21,842	kg
NO_X emission	5,643	2,382	13,454	kg
SO_X emission	12.00	6.87	20.83	kg
$PM_{2.5}$ emission	210	90	424	kg
PM_{10} emission	233	99	469	kg

1 During the Year, the environmental statistics of the Group mainly included a total of 50 companies, consisting of the headquarter of Greentown China and the headquarters of each subsidiary and its respective project companies. In this section, if there is no specific explanation on the scope of statistics, the statistical subjects represent the environmental statistical information of the 50 companies mentioned above. Due to the business nature of the real estate industry as well as the development and completion status of the Company's projects, the number of items included in environmental statistics during the Year increased as compared to 2018. Meanwhile, due to the development requirements of certain projects, the operation of the Living Art Centre needed to consume water and electricity for the waterscape and lighting for landscape of gardens. In terms of greenhouse gases emission and use of resources, therefore, the environmental statistics for the Year increased as compared to 2018.

2 The calculation of greenhouse gas emissions and relevant emission factors of automobiles (scope 1) are based on the Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions in Enterprises in Other Industries (Trial) and the Guidelines for Accounting and Reporting of Greenhouse Gas Emissions from Land-based Transportation Enterprises (Trial) published by National Development and Reform Commission of the People's Republic of China.

3 The emission reduction factors of trees were based on the factors set out in Reporting Guidance on Environmental KPIs in Appendix II to How to Prepare an ESG Report.

4 The calculation of greenhouse gas emissions and relevant emission factors of outsourced power (scope 2) is based on the 2011–2012 Regional Power Grid Average CO2 Emission Factors in China published by National Development and Reform Commission of the People's Republic of China.

5 The denominators used for calculation of greenhouse gas emission density were the office area included in the Company's environmental statistics.

6 The calculation of air pollutant emissions of automobiles is based on the Guidelines for Air Pollutant Emission for Motor Vehicles (Trial) issued by the Ministry of Ecology and Environment of the People's Republic of China.

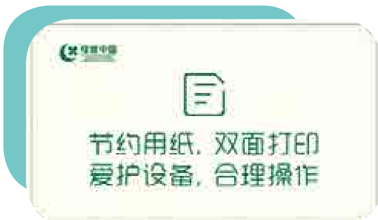
As for resource utilization, in addition to conducting energy management as described above, the Group also implements a series of environmental measures in terms of water conservation and management of hazardous waste and non-hazardous waste at office. During the Year, the Group's total water consumption was 1,860,133 metric tonnes and the total water consumption density was 18.25 metric tonnes/sqm GFA.

The measures for water conservation:

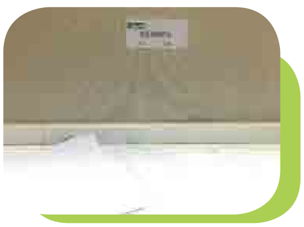
- Posting water-saving slogans
- Applying water-saving equipment

The management measures for hazardous/non-hazardous waste

- advocating for a paperless office
- encouraging duplex printing
- posting labels near printers and photocopiers to remind employees to reduce paper consumption
- reducing bottled water consumption in internal meetings and advocating using employees' own cups, and leaving waste water bottles and other plastic products for the recycle and disposal of professional waste collectors
- using rechargeable batteries instead of disposable batteries
- recycling toner cartridges at least twice by adding powder; classifying the hazardous waste such as batteries and ink cartridges for the recycle and disposal of professional waste collectors



Posting paper-saving slogans



Place to recycle paper for secondary use

Place to recycle used batteries

Data of major resources consumption of the Group:

Resources consumption	**2019**	2018	2017	Unit
Total electricity consumption	31,417,893	16,742,268	22,181,221	kWh
Electricity consumption intensity	297	178	244	kWh/sqm GFA
Total fuel consumption (vehicle petrol)	609,265	409,565	1,139,084	litre
Fuel consumption intensity (vehicle petrol)	3,584	2,660	4,766	litres/per vehicle
Total fuel consumption (vehicle diesel oil)	169,587	45,418	104,645	litre
Fuel consumption intensity (vehicle diesel oil)	7,066	4,129	5,232	litres/per vehicle
Total fuel consumption (vehicle liquefied natural gas)	0	0	36,000	litre
Fuel consumption intensity (vehicle liquefied natural gas)	0	0	36,000	litres/per vehicle
Total fuel consumption (vehicle ethanol gasoline)	5,333	260	0	litre
Fuel consumption intensity (vehicle ethanol gasoline)	1,778	260	0	litres/per diesel generator
Total water consumption	1,860,633	1,108,315	1,398,777	metric tonnes
Total water consumption intensity	17.57	12	15	metric tonnes/sqm GFA

Data of major hazardous and non-hazardous waste of the Group:

Production of hazardous waste	**2019**	2018	2017	Unit
Fluorescent light tube	1,382	1,370	2,597	piece
Waste battery	467	303	555	kg
Ink cartridge	1,896	1,265	1,186	piece
Waste liquid after facilities maintenance	25.80	21	104	litre

Production of non-hazardous waste	**2019**	2018	2017	Unit
Paper waste	19,802	27,016	68,324	kg
Paper waste intensity	0.19	0.29	0.75	kg/sqm GFA
Paper recycling	10,229	9,991	31,032	kg
Metal waste	103	117	428.75	kg
Metal waste intensity	0.001	0.001	0.005	kg/sqm GFA
Metal recycling	535.7	30	199,355	kg
Plastic waste	694	821	352	kg
Plastic waste intensity	0.007	0.009	0.004	kg/sqm GFA
Plastic recycling	653	140	394	kg
Glass waste	136	145	217	kg
Glass waste intensity	0.001	0.002	0.002	kg/sqm GFA
Glass recycling	63.74	17	45.77	kg

4.2 Technological Empowerment

In order to mitigate the impact on the environment and natural resources of the entire lifecycle of real estate projects from construction to delivery, Greentown China has been exploring technological innovation and integrating the concept of environmental protection into architectural practice. Since 2017, insisting on being guided by quality demonstration projects, Greentown China officially proposed "standardised, industrialised, digitalised and eco-friendly" construction to continuously promote the quality of construction projects.

Improving Efficiency and Integrating Resources

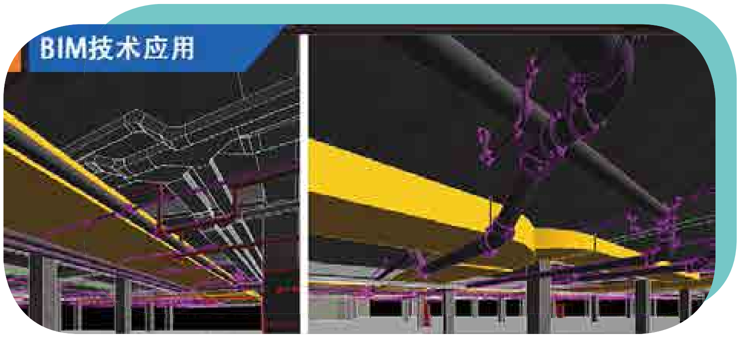
On-site demonstration of Nantong Orchid Garden Project.

Nantong Orchid Garden Project is the first batch of projects in Greentown China adopting interspersed construction method. Interspersed construction is an advanced model of engineering management across the world. Starting from the ground level to the loft, corresponding construction works in different levels, This building technology includes exterior thermal insulation, secondary structure, lightweight partition boards, etc., greatly enhancing the efficiency and quality of construction, and integrating resources with good quality.

On 14 June 2019, an on-site demonstration was organized by the Nantong Orchid Garden Project. With high-quality demonstration projects as guiding models, the good quality genes of Greentown were inherited.

Smart Site – Introduction of Smart System

- implementing full coverage of video monitoring and safety wireless broadcasting system;
- establishing real-name system and applying QR code for guiding construction works;
- Effectively integrating BIM technology into architectural constructions so as to enhance the efficiency of construction and effectiveness of project management.



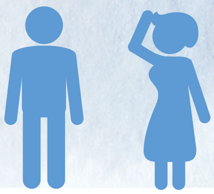
Safe and Durable – 100% Concrete Walls

The concrete structure is a one-off process. The issue of increased stiffness can be resolved by adopting structural joints for safer and more durable structures.

5. Creating Wealth for Society

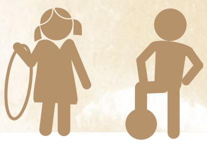
While developing its own business, the Group has also promoted the improvement of people's livelihood and economic development by participating in and carrying out activities such as building a harmonious community to understand community needs. In 2007, the Group first launched the service system for community life, aiming to bring convenience and comfort to the people living in the community. In the future, the Group hopes that the service system for community life can further improve the overall urban living services, life quality and living environment so as to stimulate everyone's compassion and hence enhance the social civilization.

Neighborhood Series



As one of the key brand activities for elaborately creating neighbourhood culture in the community, the "Neighborhood Festival" is based on the "Neighborhood Dating" and relies on the participation and support of volunteers and various organizations. By holding abundant and attractive community cultural activities including neighbourhood sports events, community concerts and banquet for one hundred neighbourhood families the homeowners can enhance their mutual understanding and their personal happiness through exchanging ideas, thus forming a friendly neighbourhood atmosphere.

Children Series



The "Wonder Series" is the core service product of our Group. Among them, the Dolphin Program is the free swimming training public welfare activity in the summer vacation for young homeowners in the community. Through holding activities like Latin dancing show and summer camp for children, the Group offers more chances to children to have quality education covering humanity, art, social practices and morality as a complement to their school lives.

Elderly Series

The "Elderly Series" is a specific service activity designed for elderly homeowners with an aim of carrying forward the spirits of "kindheartedness and filial piety" as well as diversifying elderly homeowners' life and satisfying their spiritual needs. Through various activities such as "A Bowl of Longevity Noodles", community photography contest and evening party "Green Dating", the Group creates a harmonious community atmosphere featuring respecting and caring the elderly, and carries forward outstanding traditional spirits of Chinese culture.

Service System for Community Life

Brand Activities Sharing

The launching ceremony of "Dolphin Defender" and the Open Class for Water Safety was held at Greentown University on 6 July 2019.

Starting from the Double Ninth Festival, the "Maple Leaf Action" was officially launched in 2019. It covers 70 cities across the country and more than 100 Greentown communities, bringing warmth and care to more than 8,000 elderlies.

In addition to organizing community service, the Group also actively participated in or conducted charity activities. During the Year, the Group issued the Notice on Constant Implementation of Lvyi Actions of Greentown China in 2019 to encourage all companies to carry out activities like employee giving and assisting impoverished students in appropriately-selected disadvantaged schools based on their local conditions.

The "Green Seedling Plan" (綠苗計劃) of Greentown China in campus

It is well known that the outbreak of COVID-19 had greatly affected the society since the beginning of 2020. In light of the materiality of and the wide attention received by the event, the Group would like the disclosure of relevant works to all interested parties be done with openness and transparency. On 23 January, 26 January and 9 February 2020, the Group successively issued the Notice on Effectively Preventing and Controlling the COVID-19 Epidemic, the Notice on Further Enhancing the Prevention and Control of the COVID-19 and the Contingency Plan of the Headquarters of Greentown China for Preventing and Controlling the COVID-19, whereby a leadership group and a work group were quickly established for preventing and controlling the epidemic. The two groups are in charge of establishing a daily health reporting mechanism and tracking and managing people of all circles by levels and grade. On top of this, the two groups act promptly for purchasing enough supplies for epidemic prevention and control, intensify daily cleaning and further guarantee the safety and health of staffs.

Promote Charity Donation to Fulfil Social Responsibilities

- A total of RMB10 million donated through Greentown Charity Foundation to hospitals and Red Cross in Wuhan, Hangzhou and Wenzhou, was direct donations or mainly used for purchasing supplies for epidemic prevention and control.

- We provided supplies for epidemic prevention and control of approximately RMB1.2 million through Greentown Life Group to institutions and people including property owners of Greentown communities, relevant hospitals, nursing homes, districts, streets and communities, public security and traffic bureaus.

- We immediately set up a group in charge of purchasing supplies for epidemic prevention and control to ensure enough purchases for donation supplies and epidemic prevention supplies for self-use.

APPENDIX 1: CONTENT INDEX OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

Aspects	Indicators	Content of Indicators	Disclosure	Location in the Report
Environment				
A1: Emissions	General disclosure	Information on (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	✔	Green Management
	A1.1	The types of emissions and respective emission data	✔	Green Management
	A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	✔	Green Management
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	✔	Green Management
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	✔	Green Management
	A1.5	Description of measures to mitigate emissions and results achieved	✔	Green Management
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	✔	Green Management

Aspects		Indicators	Content of Indicators	Disclosure	Location in the Report
A2:	Use of Resources	General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	✔	Green Management
		A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility)	✔	Green Management
		A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	✔	Green Management
		A2.3	Description of energy use efficiency initiatives and results achieved.	✔	Green Management
		A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	✔	No issue in sourcing water Green Management
		A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	Not applicable to principal business	
A3:	The Environment and Natural Resources	General disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	✔	Technological Empowerment
		A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	✔	Technological Empowerment
Society					
B1:	Employment	General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	✔	Safeguarding Employees' Rights and Interests

Aspects		Indicators	Content of Indicators	Disclosure	Location in the Report
B2:	Health and Safety	General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	✔	Valuing Employees' Health
B3:	Development and Training	General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	✔	Facilitating Employees' Development
B4:	Labour Standards	General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	✔	Safeguarding Employees' Rights and Interests
B5:	Supply Chain Management	General disclosure	Policies on managing environmental and social risks of the supply chain	✔	Transparent Procurement
B6:	Product Responsibility	General disclosure	Information on: (a) the polices; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	✔	Creating Value for Customers Integrity and Honesty
B7:	Anti-corruption	General disclosure	Information on: (a) the policies; and (b) compliance with the information in relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	✔	Anti-corruption
B8:	Community Investment	General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	✔	Creating Wealth for Society

Corporate Governance Report

The Company believes that high corporate governance standards help enhance operational performance and the management's accountability. The Board has always strived to comply with the principles of corporate governance and adopts effective corporate governance practices to meet legal and commercial standards, with a focus on internal control and transparent, fair and timely disclosure.

In the opinion of the Board, save as disclosed, the Company had complied with the requirements of all the applicable code provisions set out in the Corporate Governance Code ("Corporate Governance Code") contained in Appendix 14 to the Listing Rules throughout the year ended 31 December 2019.

(A) The Board of Directors (for the year ended 31 December 2019)

The Board takes responsibility to the management of all major matters of the Group, including the formulation and approval of all policy matters, strategies for development, internal control and risk management systems, and monitoring the performance of the senior management. The daily business operations and administrative functions of the Group are delegated to the senior management.

Executive Directors

Mr SONG Weiping (Resigned on 11 July 2019)
Mr ZHANG Yadong (Appointed as Chairman of the Board on 11 July 2019)
Mr LIU Wensheng
Mr LI Qingan (Resigned on 11 July 2019)
Mr LI Yongqian (Resigned on 11 July 2019)
Mr GUO Jiafeng (Appointed on 11 July 2019)
Mr ZHOU Lianying (Appointed on 11 July 2019)
Mr GENG Zhongqiang (Appointed on 11 July 2019)
Mr LI Jun

Non-Executive Directors

Mr Stephen Tin Hoi NG (Appointed on 11 July 2019) (Mr Andrew On Kiu CHOW as his alternate)

Independent Non-Executive Directors

Mr JIA Shenghua
Mr KE Huanzhang
Mr SZE Tsai Ping, Michael
Mr HUI Wan Fai

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as the standard for securities transactions by the Directors. The Company has made specific enquiries of all the Directors and each of the Directors confirmed that he has complied with the required standards set out in the Model Code throughout the year ended 31 December 2019 or (where appropriate) during his tenure as a director of the Company in 2019. Relevant employees who are likely to be in possession of inside information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code.

Directors' Responsibilities for Financial Statements

The Directors acknowledge their responsibilities for preparing the financial statements of the Group in accordance with statutory requirements and applicable accounting standards. The respective responsibilities of the Directors and the Company's external auditors on the financial statements of the Group are set out in the "Independent Auditor's Report" on page 110 of this annual report.

Chairman and Chief Executive Officer

There has been concurrent appointment of Chairman and Chief Executive Officer of the Company. Under Code Provision A.2.1, the roles and functions of chairman and chief executive are separate. Having assessed the practical circumstances of the Company, its current governance structure can better facilitate the execution of its business strategies and enhancement of operation efficiency. Since the Board and senior management of the Company comprise of experienced and diversified individuals, the balance of power and authority between the Board and the management of the Company will be maintained. Furthermore, under the supervision of the independent non-executive Directors who represent over one-thirds of the members of the Board, the balance of the Board will be adequately and fairly safeguarded.

As at 31 December 2019, Mr ZHANG Yadong was the Chairman of the Board and the Chief Executive Officer of the Company.

Independent Non-Executive Directors

Independent non-executive Directors play a significant role in the Board by virtue of their independent judgment and views, which carry significant weight in the Board's decision. In particular, they provide multi-perspective and impartial opinions on the Group's development strategies, operational performance and internal control system. Every independent non-executive Director possesses extensive academic, professional and industry expertise and management experience. They provide professional advice to the Board according to the Group's particular situation. For the year ended 31 December 2019, each of the independent non-executive Directors has confirmed his independence to the Company in accordance with requirements under the Listing Rules.

Board Meetings and Shareholders' Meetings

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Group. Directors may participate either in person or through video/telephone conferences. 18 Board meetings and 1 shareholders' meeting were convened during 2019. The attendance of each individual Director at these Board meetings and the shareholders' meeting is set out below:

	Number of Board Meetings Attended/ Held in 2019	Number of Shareholders' Meetings Attended/ Held in 2019
Executive Directors		
Mr SONG Weiping	7/7	1/1
Mr ZHANG Yadong	15/15	1/1
Mr LIU Wensheng	14/14	1/1
Mr LI Qingan	5/5	1/1
Mr LI Yongqian	5/5	1/1
Mr GUO Jiafeng	9/9	0/0
Mr ZHOU Lianying	8/8	0/0
Mr GENG Zhongqiang	8/8	0/0
Mr LI Jun	17/17	1/1
Non-Executive Directors		
Mr Stephen Tin Hoi NG (Mr Andrew on Kin CHOW as his alternate)	9/9	0/0
Independent Non-Executive Directors		
Mr JIA Shenghua	18/18	1/1
Mr KE Huanzhang	18/18	1/1
Mr SZE Tsai Ping, Michael	18/18	1/1
Mr HUI Wan Fai	18/18	1/1

All Directors are provided with the relevant materials relating to the issues for discussion before the meetings. They have access to members of the senior management and the company secretary at all times and may seek independent professional advice at the Company's expense. All Directors have the opportunity to request to include new issues for discussion in the agenda for Board meetings. Notices of Board meetings are given to the Directors within reasonable time before meeting and the procedures of Board meetings are conducted in compliance with the Articles of Association of the Company, as well as the relevant laws and regulations.

Appointment, Re-election and Resignation of Directors

Each of the executive Directors, non-executive Directors, independent non-executive Directors has entered into a service contract or appointment letter with the Company for a specific term and the details of which, as well as the details of the appointment, re-election and resignation of the Directors are described in the sections headed "Report of the Directors – Directors" and "– Directors' Service Contracts".

Directors' Continuous Professional Development

Each of the Directors has participated in continuous professional development in 2019 in compliance with Code A.6.5 of the Corporate Governance Code. The Company arranges regular seminars to provide Directors with updates on the latest developments and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. During the Year, all Directors participated in continuous professional development to develop and refresh their knowledge and skills in compliance with code provision A.6.5 of the Corporate Governance Code. The Company's external lawyers facilitated Directors' training by providing presentations, briefings and materials for the Directors primarily relating to the roles, functions and duties of a listed company director. All Directors received this training.

Board Committees

The Board has established the Audit Committee, the Nomination Committee and the Remuneration Committee (collectively, the "Board Committees") with defined terms of reference. The terms of reference of the Board Committees are available on the websites of the Company and the Stock Exchange. The Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

Audit Committee

The primary duties of the Audit Committee are to review and supervise the Group's financial reporting procedures, internal control and risk management systems, give opinions on the internal audit scheme formulated by the Internal Audit Department of the Group and review the reports submitted by the Internal Audit Department. It is also responsible for considering affairs related to the appointment, resignation and replacement of independent auditors, as well as assessing such auditors' performance, degree of independence and objectivity and reasonableness of their audit fees, and providing relevant recommendations to the Board. All members of the Audit Committee are independent non-executive Directors and non-executive Directors. As at 31 December 2019, the Audit Committee comprised independent non-executive Directors, being Mr SZE Tsai Ping, Michael (Chairman), Mr JIA Shenghua and Mr HUI Wan Fai.

The major tasks accomplished during the year include:

– reviewing the annual and interim results announcements, reports and financial statements of the Group;

– reviewing and providing recommendations on the accounting policies adopted by the Group and the accounting practices;

– monitoring the work of the Internal Audit Department of the Group and reviewing the internal audit reports;

– advising on material transactions of the Group and providing recommendations on related risks to management; and

– reviewing the audit fees of the auditors and recommending the fees for approval by the Board.

The Audit Committee reviewed the financial reporting system, compliance procedures, risk management and internal control systems (including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function), and processes and the reappointment of the external auditor during the year. The Board has not deviated from any recommendation given by the Audit Committee on the selection, appointment, resignation or dismissal of the external auditor.

During the year ended 31 December 2019, the Audit Committee held 2 meetings. The attendance of each individual member at the Audit Committee meetings is set out below:

	Number of Meetings Attended/Held
Independent Non-Executive Directors	
Mr SZE Tsai Ping, Michael *(Chairman)*	2/2
Mr JIA Shenghua	2/2
Mr HUI Wan Fai	2/2

Nomination Committee

The Nomination Committee is primarily responsible for considering and recommending to the Board suitably qualified persons to become members of the Board and is also responsible for reviewing the structure, size and composition of the Board on a regular basis and as required. As at 31 December 2019, the Nomination Committee comprised independent non-executive Directors Mr SZE Tsai Ping, Michael (Chairman), Mr HUI Wan Fai, Mr JIA Shenghua and Mr KE Huanzhang, and executive Directors Mr ZHANG Yadong and Mr LIU Wensheng. The Nomination Committee will assess the candidate or incumbent on criteria such as integrity, experience, skill and ability to commit time and effort to perform duties and responsibilities. The recommendations of the Nomination Committee will then be put to the Board for decision. Their written terms of reference are available on the websites of the Stock Exchange and the Company.

The Nomination Committee adopted and implemented certain criteria and procedures in the nomination of new Directors during 2019. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. In designing the Board's composition, the Board adopts a diversity policy of considering a variety of aspects, such as cultural and educational background, professional experience, skills and knowledge in the industry of the Group's business and the past employment track record. All Board appointments will continue to be based on merits and competence, and the selected candidates will be considered against the aforesaid objective criteria.

During the year ended 31 December 2019, the Nomination Committee held 2 meetings. The attendance of each individual member at the Nomination Committee meetings is set out below:

	Number of Meetings Attended/Held
Independent Non-Executive Directors	
Mr SZE Tsai Ping, Michael *(Chairman)*	2/2
Mr HUI Wan Fai	2/2
Mr JIA Shenghua	2/2
Mr KE Huangzhang	2/2
Executive Directors	
Mr ZHANG Yadong	2/2
Mr LIU Wensheng	2/2

Remuneration Committee

The Remuneration Committee is responsible for making recommendations and proposals on Directors' remuneration and other benefits to the Board.

The remuneration of all Directors is subject to regular monitoring by the Remuneration Committee to ensure that the level of their remuneration and compensation are reasonable. As at 31 December 2019, the Remuneration Committee comprised independent non-executive Directors Mr JIA Shenghua (Chairman), Mr KE Huanzhang, Mr SZE Tsai Ping, Michael and Mr HUI Wan Fai, and executive Directors Mr ZHANG Yadong and Mr LIU Wensheng.

During the year ended 31 December 2019, the Remuneration Committee have assessed the performance of Directors and make recommendations to the Board on the remuneration packages of the Directors and the remuneration policies and structure of the Company, details of which are set out in the section headed "Management Discussion and Analysis – Human Resources" in this annual report. During the year ended 31 December 2019, the Remuneration Committee held 2 meetings. The attendance of each individual member at the Remuneration Committee meeting is set out below:

	Number of Meetings Attended/Held
Independent Non-Executive Directors	
Mr JIA Shenghua *(Chairman)*	2/2
Mr SZE Tsai Ping, Michael	2/2
Mr KE Huan Zhang	2/2
Mr HUI Wan Fai	2/2
Executive Directors	
Mr ZHANG Yadong	2/2
Mr LIU Wensheng	2/2

Corporate Governance Functions

The Board is responsible for determining the policy for the corporate governance of the Company and it performed the corporate governance duties as follows in 2019:

- developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board on changes and updates;
- reviewing and monitoring the training and continuous professional development of the Directors and senior management;
- reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- developing, reviewing and monitoring the code of conduct and compliance manual applicable to employees and the Directors;

- reviewing the Company's compliance with the Corporate Governance Code and disclosure in the corporate governance report; and
- such other corporate governance duties and functions set out in the Corporate Governance Code (as amended from time to time) for which the Board are responsible.

(B) Financial Reporting and Internal Controls

Financial Reporting

The Board, supported by the finance department, is responsible for the preparation of the financial statements of the Company and the Group. In the preparation of financial statements, International Financial Reporting Standards have been adopted and appropriate accounting policies have been consistently used and applied.

Independent Auditor

Deloitte Touche Tohmatsu has been appointed as the Company's independent auditor since 2004.

The remuneration received by the independent auditor for audit and non-audit services provided to the Company is as follows:

Service Items	2019 (RMB'000)	2018 (RMB'000)
Audit services (including interim review)	9,265	6,825
Non-audit services	1,000	0
Total	**10,265**	**6,825**

The Audit Committee and the Board have agreed on the re-appointment of Deloitte Touche Tohmatsu as the independent auditor of the Group for 2020, and the proposal will be submitted for approval at the annual general meeting of the Company to be held on 12 June 2020 (Friday).

Risk Management and Internal Control

The Audit Committee is responsible for supervising the risk management and internal control functions of the Group and reviewing their effectiveness. Procedures have been designed to safeguard company assets against unauthorised use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for external publication, and ensure compliance with the applicable laws, rules and regulations. The Directors have conducted an annual review of the effectiveness of the risk management and internal control systems of the Group, and reviewed and monitored the Company's internal management and operation during the year ended 31 December 2019. The Internal Audit Department established by the Company has conducted random internal audit of the Company, its subsidiaries, joint ventures and associates. The work carried out by the Internal Audit Department includes ensuring that the internal control in place and functions properly as intended. The Audit Committee considered that the risk management and internal control systems remain adequate and effective throughout the year ended 31 December 2019 with no material issues that ought to be brought to the Board's attention.

(C) Dividend Policy

The Company has a dividend policy, the objective of which is to allow shareholders of the Company to participate in the Company's profits whilst retaining adequate reserves to sustain the Group's future growth. Currently, the dividend payout ratio of the Company is between 20% and 30% of the net profit attributable to the owners of the Company after (i) adjusting for the impacts of non-cash items, including gain on acquisition, fair value changes on the assets and liabilities of the Company, net exchange gain/loss, fair value adjustment on the cost of sales which arises from the Group's acquisition of subsidiaries for non- cash consideration, provision for impairment losses and etc; and (ii) deducting the amount of interests payable by the Group during the year on the perpetual capital securities issued by the Group. In determining the actual amount of dividends to be declared and paid by the Company, the Board also takes into account the following factors, including the general business conditions, results of operations, financial results/conditions, working capital requirements, future prospects and cash flows of the Group and any other factors which the Board deems relevant. The Company's historical dividends may not be indicative of future dividend payments. The declaration and payment of dividends may also be limited by legal restrictions or financing arrangements that may be entered into by the Group in the future. The Board will review the dividend policy of the Company as appropriate from time to time.

(D) Shareholder's Rights

According to the Articles of Association of the Company, shareholders shall have the right to request to convene an extraordinary general meeting ("EGM") of the Company. Two or more shareholders holding in aggregate of not less than one-tenth (10%) of the paid up capital of the Company which carries the right of voting at the general meeting of the Company may send a written request to request for an EGM. The written requisition(s), duly signed by the shareholders concerned, must state the purposes of the meeting and must be deposited at the Company's principal place of business in Hong Kong.

Shareholders who wish to move a resolution at general meetings may follow the procedures set out in the preceding paragraph.

In case of any enquiries that a Shareholder may have, please contact the investor relations department at +852 2523 3138 or by email to ir@chinagreentown.com.

During the year ended 31 December 2019, there had been no change in the memorandum and articles of association of the Company. The memorandum and articles of association of the Company is published on the Company's website and the Stock Exchange's website.

Investor Relations

The Company is committed to upholding sound corporate governance practices and high transparency. It pledges to maintain close and effective two-way communication with shareholders and the capital market, and to disclose company information to stakeholders in an open and timely manner. The Board believes that effective investor relations can contribute to shoring up market confidence, improving the liquidity of the Company's shares and establishing a more stable shareholder base in order to maximize benefits and value for shareholders.

Various channels have been used to foster greater understanding and dialogue with the investment community. Following the results announcement, the senior management team elaborated on the Company's operating conditions and development prospects at the investor/media presentations, while feedback and queries were heard and directly addressed. In the Annual General Meeting, members of the Board engaged and communicated with shareholders in person, answering their questions on the spot. The Company's management and the investor relations team actively maintained close contact with investors through emails, conference calls, and personal meetings to help them understand the Company's overall strategy, financial information and the latest business developments.

During the Year under review, the senior management and the investor relations team attended 10 large-scale investment conferences organized by investment banks and securities firms in Hong Kong, Beijing, Shanghai and Macau, and conducted over 150 investor meetings, telephone conferences and over 45 project inspections and site visits. Thanks to a range of investor relations activities, the Company further strengthened ties with investors around the world so that the capital market had a better understanding of the Company. Likewise, the Company also listened to feedback and suggestions from the capital market, hence forming a positive communication cycle and helping the Company formulate long-term business development strategies.

Major investor relations events in 2019:

Events	Date
2018 Annual Results Announcement – Press Conference and Investor Presentations	22 Mar 2019
2019 Annual General Meeting	14 Jun 2019
2019 Interim Results Announcement – Press Conference and Investor Presentations	26 Aug 2019

During the Year, besides receiving visits from investors and analysts as well as participating in "one-on-one" meetings, the Company also attended the following large-scale investment conferences organized by investments banks and securities firms to promote a positive image of the Company:

Date	Events	Organizer	Venue
25-27 Mar	22nd Credit Suisse Asian Investment Conference	Credit Suisse	Hong Kong
31 May	BNP Paribas Property Corporate Day	BNP Paribas	Hong Kong
25-26 Jun	CIMB Property Corporate Day 2019	CIMB	Hong Kong
27-28 Jun	Citi's Asia Pacific Property Conference 2019	Citi	Hong Kong
10-11 Sep	3rd Annual Asia Credit Conference	HSBC	Hong Kong
12-13 Sep	26th CLSA Investors' Forum	CLSA	Hong Kong
24 Oct	China Property Corporate Day 2019	Nomura	Hong Kong
7-8 Nov	14th Citi China Investor Conference	Citi	Macau
12 Nov	Industrial Securities Strategy Meeting 2019	Industrial Securities	Shanghai
14 Nov	China Merchants Securities Annual Strategy Meeting	China Merchants Securities	Beijing

To maintain high transparency standards, our investor relations team will continue to enhance the quality of communication with the capital market.

To ensure clear and timely disclosure of information for shareholders, the capital market and the public, the Company's website (www.chinagreentown.com) offers timely access to its interim and annual reports, announcements, circulars and monthly newsletters. Interested parties can also make enquiries by contacting the investor relations department at (+852 2523 3138) or by email to ir@chinagreentown.com.

Report of the Directors

Beijing Xishan Mansion

Report of the Directors

The Board presents its annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2019 (the "Consolidated Financial Statements") to the Shareholders.

Company Incorporation

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law (2004 Second Revision) of the Cayman Islands on 31 August 2005. The shares of the Company were listed on the Main Board of the Stock Exchange on 13 July 2006.

Principal Business

The Company is an investment holding company. The activities of its subsidiaries, joint ventures and associates are set out in notes 54, 22 and 21 to the Consolidated Financial Statements, respectively. There was no significant change in the nature of the Group's principal business during the year ended 31 December 2019 (the "Year").

Business Review

The principal activities of the Group are property development and related business in China. The operating results and development prospects will be affected by Chinese real estate control policies, financial policies and economic development. The Group will make timely response to the changes in the external environment in order to maintain the stability and growth of its operating results.

A fair review of the Group's business, a description of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of the Year and an indication of the likely future development of the Group's business (including, in each case to the extent necessary for an understanding of the development, performance or position of the Group's business, key performance indicators) are provided in the section headed "Management Discussion and Analysis" of this annual report and in the notes to the financial statements.

To the extent necessary for an understanding of the development, performance or position of the Group's business, a discussion of the Group's key relationships with its stakeholders that have a significant impact on the Group and on which the Group's success depends are provided in the sections headed "Environmental and Social Responsibility Report" and "Investor Relations" of this annual report.

Environmental Policies and Performance

The Group is committed to achieving environmental sustainability. The Group endeavors to comply with the relevant laws and regulations regarding environmental protection and adopts effective measures to achieve efficient use of resources, waste reduction and energy saving. The Group reviews its environmental policies on a regular basis. Further details of the Group's environmental policies and performance are provided in the section headed "Environmental and Social Responsibility Report".

Compliance with Relevant Laws and Regulations

The Group and its business operations are subject to various laws, rules and regulations. The Company seeks to ensure adherence to such laws, rules and regulations through various measures such as internal controls, approval procedures, staff trainings and oversight of business operations at different levels of the Group. The Board also monitors the Group's policies and practices on compliance with relevant laws, rules and regulations on a regular basis.

So far as the Directors and senior management are aware, for the year ended 31 December 2019, the Group has obtained the approvals, permits, consents, licenses and registrations required for and material to its business and operations, and there was no material breach of the relevant laws and regulations by the Group that has a significant impact on the Group.

Financial Positions and Results

The financial positions of the Group as at 31 December 2019 prepared in accordance with IFRS are set out in the Consolidated Statement of Financial Position on pages 118 to 120 of this annual report.

The results of the Group for the year ended 31 December 2019 prepared in accordance with IFRS are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 117 of this annual report. A financial summary of the Group for the last five financial years is set out on page 007 of this annual report.

Reserves

Details of movements in reserves of the Group in 2019 are set out in the Consolidated Statement of Changes in Equity on page 121 of the annual report.

Dividends

The Board recommends the payment of a final dividend of RMB0.3 per share for the year ended 31 December 2019 (the "2019 Final Dividend") (2018: RMB0.23) to the ordinary Shareholders whose names appear on the Company's register of members as at 23 June 2020 (Tuesday). Subject to approval of Shareholders at the forthcoming annual general meeting of the Company (the "AGM"), the 2019 Final Dividend is expected to be paid before 31 July 2020.

Segment Information

The reporting segments of the Group are as follows:

1 Property development

2 Hotel operations

3 Property investment

4 Project management

The segment information for the year ended 31 December 2019 is set out in note 5 to the Consolidated Financial Statements.

Property, Plant and Equipment

Details of movements in property, plant and equipment of the Group during the Year are set out in note 16 to the Consolidated Financial Statements.

Share Capital

Details of movements in the share capital of the Company during the Year are set out in note 38 to the Consolidated Financial Statements.

Details of Share Offering and Placing

	IPO	Placement 1	Placement 2	Placement 3
Listing place	Main Board of HKEx	Main Board of HKEx	Main Board of HKEx	Main Board of HKEx
Offering/Placing price	HK$8.22 per share	HK$16.35 per share	HK$5.20 per share	HK$5.20 per share
Listing date	13 July 2006	4 May 2007	15 June 2012	2 August 2012
Number of issued shares	347,402,500 shares	141,500,000 shares	327,849,579 shares	162,113,714 shares

Sufficiency of Public Float

Based on the information that is publicly available to the Company and to the best of the Directors' knowledge, the Company has maintained a sufficient public float as required by the Listing Rules throughout the year ended 31 December 2019.

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

Save as disclosed, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of its listed securities during the Year.

For (i) the issue of senior perpetual capital securities by a wholly-owned subsidiary of the Company and guaranteed by the Company; (ii) the full redemption of the outstanding amount of the subordinated perpetual capital securities callable 2019 in the aggregate principal amount of US$500,000,000 issued by a wholly-owned subsidiary of the Company and listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"); and (iii) the issue of US$600,000,000 4.55% Senior Notes due 2020 by the Company and guaranteed by its subsidiaries in the Year, please refer to the Company's announcements dated 25, 26, 29 and 31 January 2019, 8 February 2019 and 4 and 12 November 2019 for details.

Directors

During the year ended 31 December 2019, directors of the Company were as follows:

Executive Directors

Mr SONG Weiping (Resigned on 11 July 2019)
Mr ZHANG Yadong (Appointed as Chairman of the Board on 11 July 2019)
Mr LIU Wensheng
Mr LI Qingan (Resigned on 11 July 2019)
Mr LI Yongqian (Resigned on 11 July 2019)
Mr GUO Jiafeng (Appointed on 11 July 2019)
Mr ZHOU Lianying (Appointed on 11 July 2019)
Mr GENG Zhongqiang (Appointed on 11 July 2019)
Mr LI Jun

Non-Executive Directors
Mr Stephen Tin Hoi NG (Appointed on 11 July 2019)
(Mr Andrew On Kiu CHOW as his alternate)

Independent Non-Executive Directors
Mr JIA Shenghua
Mr KE Huanzhang
Mr SZE Tsai Ping, Michael
Mr HUI Wan Fai

In accordance with Article 130 of the Articles of Association of the Company, one-third of the directors for the time being or, if the number is not three or a multiple of three, the number nearest to but not less than one third shall retire from office by rotation provided that every director shall be subject to retirement by rotation at least once every three years. Mr LIU Wensheng, Mr LI Jun, Mr JIA Shenghua and Mr HUI Wan Fai will retire at the forthcoming AGM. In addition, according to Article 114 of the Articles of Association of the Company, any director appointed by the Board will hold office until the first general meeting of the Company after his/her appointment. Therefore, Mr GUO Jiafeng, Mr ZHOU Lianying, Mr GENG Zhongqiang, Mr Stephen Tin Hoi NG, Mr QIU Dong and Mr ZHU Yuchen will retire at the AGM. Each of the above retiring directors, being eligible in accordance with the Articles of Association of the Company, will offer himself for re-election.

Directors' Service Contracts

Each of the executive directors had entered into a service contract with the Company for a term of three years and shall be in effect until terminated by either party by giving not less than three months' prior notice in writing, renewable on expiry on mutual consent.

Each of the non-executive directors and independent non-executive directors entered into an appointment letter with the Company regarding his appointment for a term of three years. Subject to the terms and conditions of the appointment letter, the appointment is renewable on expiry on mutual consent. Their respective appointments as a non-executive director or an independent non-executive director shall also be subject to retirement by rotation at the annual general meetings of the Company and each of them shall be eligible for re-election in accordance with the Articles of Association of the Company.

Save as disclosed, no director proposed for re-election at the AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Biographical Details of Directors and Senior Management

Biographical details of the directors and senior management of the Group are set out on pages 42 to 47 of this annual report.

Remuneration of Directors

The remuneration of the directors is disclosed on an individual named basis in note 12 to the Consolidated Financial Statements.

Highest Paid Individuals

During the Year, the relevant information of the five individuals with the highest remuneration of the Group is disclosed in note 12 to the Consolidated Financial Statements.

Independence of Independent Non-Executive Directors

The Board has obtained written confirmations from all independent non-executive directors concerning their independence in accordance with Rule 3.13 of the Listing Rules. The Board is in the opinion that the existing independent non-executive directors are independent based on the guidelines set out in Rule 3.13 of the Listing Rules.

Directors' and Chief Executive's Interests in Securities

As at 31 December 2019, the interests and short positions of directors and chief executive of the Company and their associates in the shares, underlying shares and debentures of the Company and any of its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long Positions in Shares and Underlying Shares of the Company

Name of Director	Personal Interests in Underlying Shares (Share Options or Award Shares Granted to Directors)	Family Interests	Interest of Controlled Corporation	Total Number of Shares and Underlying Shares Held	% of Issued Share Capital of the Company Held
Mr ZHANG Yadong	8,270,949 (note 1)	–	–	8,270,949	0.381%
Mr LIU Wensheng	7,986,129 (note 2)	–	–	7,986,129	0.368%
Mr LI Jun	3,433,573 (note 3)	–	–	3,433,573	0.158%
Mr Andrew On Kiu CHOW	–	–	–	300,000 (note 4)	0.014%

Notes:

(1) It includes (i) 7,600,000 share options granted on 28 August 2018 pursuant to the 2016 Share Option Scheme and are only exercisable based on the latest closing price per share stated on the daily quotation sheet of the Stock Exchange which is at least 30% higher than the initial exercise price of HK$8.326 per share from 28 August 2018 to 27 August 2028; and (ii) 670,949 award shares subject to vesting conditions granted during the reporting period.

(2) It includes (i) 7,400,000 share options granted on 27 December 2017 pursuant to the 2016 Share Option Scheme and are only exercisable based on the latest closing price per share stated on the daily quotation sheet of the Stock Exchange which is at least 30% higher than the initial exercise price of HK$9.10 per share from 27 December 2017 to 26 December 2027; and (ii) 586,129 award shares subject to vesting conditions granted during the reporting period.

(3) It includes (i) 1,900,000 share options granted on 27 December 2017 pursuant to the 2016 Share Option Scheme and are only exercisable based on the latest closing price per share stated on the daily quotation sheet of the Stock Exchange which is at least 30% higher than the initial exercise price of HK$9.10 per share from 27 December 2017 to 26 December 2027; (ii)1,300,000 share options granted on 28 August 2018 pursuant to the 2016 Share Option Scheme and are only exercisable based on the latest closing price per share stated on the daily quotation sheet of the Stock Exchange which is at least 30% higher than the initial exercise price of HK$8.326 per share from 28 August 2018 to 27 August 2028. The aforesaid represents an aggregate of 3,200,000 shares; and (iii) 233,573 award shares subject to vesting conditions granted during the reporting period.

(4) Shares held as beneficial owner.

Save as disclosed above, as at 31 December 2019, none of the directors and chief executive of the Company had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or required to notify the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests in Securities

The register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, as at 31 December 2019, the following shareholders, other than those disclosed in the section headed "Directors' and Chief Executive's Interests in Securities", had notified the Company of relevant interests in the shares and underlying shares of the Company:

Name of Substantial Shareholder (note 1)	Interest or Short Position in the Shares or Underlying Shares (note 2)	Capacity in which Interests are Held	% of Issued Share Capital of the Company Held
CCCG (note 3)	624,851,793 (L)	Interest of controlled Corporations	28.783%
CCCG Holding (HK) Limited (note 4)	524,851,793 (L)	Beneficial owner	24.176%
HSBC Trustee (C.I.) Limited (note 5)	540,589,293 (L)	Interest of controlled corporations	24.901%
Wheelock and Company Limited ("Wheelock") (note 6)	540,589,293 (L)	Interest of controlled corporations	24.901%
Wharf (note 7)	540,589,293 (L)	Interest of controlled corporations	24.901%
Mr SONG Weiping	8,150,000 (L) (note 8) 216,530,924(L) (note 9)	Personal interests in underlying Shares (share options) Interest of controlled corporations	10.350% in total
Ms Xia Yibo (note 10)	224,680,924 (L)	Interest of spouse	10.350%
Delta House Limited ("Delta")	116,530,924 (L)	Beneficial owner	5.368%

Notes:

(1) The list of substantial shareholders of the Company and their respective interests in the shares and underlying shares of the Company set out in the table are based on the information available to the Company after making reasonable enquiry.

(2) The letter "L" denotes a long position.

(3) CCCG is deemed to be interested in 624,851,793 Shares through its controlled corporations, namely CCCG Real Estate Group Co., Ltd.* (中交房地產集團有限公司) (which is wholly-owned by CCCG) and CCCG Holding (HK) Limited and CCCG Real Estate Holding Limited (each of which is wholly-owned by CCCG Real Estate Group Co., Ltd.).

(4) A company controlled by CCCG by virtue of the SFO.

(5) HSBC Trustee (C.I.) Limited is deemed to be interested in 540,589,293 Shares through its controlled corporations, namely Wheelock, Wheelock Investments Limited, WF Investment Partners Limited, Wharf, Wharf China Holdings Limited and Target Smart Investments Limited ("Target Smart").

(6) Wheelock is deemed to be interested in 540,589,293 Shares through its controlled corporations, namely Wheelock Investments Limited, WF Investment Partners Limited, Wharf, Wharf China Holdings Limited and Target Smart.

(7) Wharf is deemed to be interested in 540,589,293 Shares through its controlled corporations, namely Wharf China Holdings Limited and Target Smart.

(8) Share options granted on 27 December 2017 pursuant to the 2016 Share Option Scheme and are only exercisable based on the latest closing price per share stated on the daily quotation sheet of the Stock Exchange which is at least 30% higher than the initial exercise price of HK$9.10 per share from 27 December 2017 to 26 December 2027.

(9) Mr SONG Weiping, being the sole shareholder of Delta House Limited, is deemed to be interested in 116,530,924 Shares held by Delta pursuant to Part XV of the SFO. Hong Kong Orange Osmanthus Foundation Limited ("HKOO Foundation") is a company limited by guarantee and established by Mr SONG Weiping as a charitable institution of a public character exempt from tax under Section 88 of the Inland Revenue Ordinance, Chapter 112 of the Laws of Hong Kong. As Mr SONG Weiping is the sole member of HKOO Foundation, pursuant to Part XV of the SFO, Mr SONG Weiping is deemed to be interested in 100,000,000 Shares held by HKOO Foundation notwithstanding that Mr SONG Weiping is not beneficially interested in such shares.

(10) Ms XIA Yibo is the spouse of Mr SONG Weiping. Accordingly, pursuant to Part XV of the SFO, Ms XIA Yibo is deemed to be interested in: (i) 116,530,924 Shares held by Delta, a company of which Mr SONG Weiping is the sole shareholder; (ii) 100,000,000 Shares held by HKOO Foundation, a charitable institution established by Mr SONG Weiping of which Mr SONG Weiping is the sole member (notwithstanding that neither Mr SONG Weiping nor Ms XIA Yibo is beneficially interested in those Shares); and (iii) 8,150,000 share options of the Company held by Mr SONG Weiping. The aforesaid represents an aggregate of 224,680,924 Shares.

Save as disclosed above, as at 31 December 2019, the Company has not been notified of any other interests or short positions notifiable to the Company held by any other person in the Shares or underlying shares of the Company required to be recorded under section 336 of the SFO.

As at 31 December 2019, save as disclosed below, none of the directors was a director or employee of a company which had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Director	Name of Company which Had Such Discloseable Interest or Short Position in the Shares	Position within Such Company
Mr SONG Weiping (Resigned on 11 July 2019)	Delta	Director
Mr LIU Wensheng	CCCG Holding (HK) Limited	Director
Mr Stephen Tin Hoi NG (Appointed on 11 July 2019)	The Wharf (Holdings) Limited	Chairman and Managing Director
	Wheelock	Deputy Chairman
Mr Andrew On Kiu CHOW (Appointed as Mr Stephen Tin Hoi Ng's alternate on 11 July 2019)	The Wharf (Holdings) Limited	Deputy Chairman and Executive Director

Share Option Scheme

The 2006 Share Option Scheme has been terminated upon adoption of the 2016 Share Option Scheme by ordinary resolution of shareholders of the Company at the annual general meeting of the Company held on 17 June 2016 (the "Effective Date"). Upon termination of the 2006 Share Option Scheme, no further options of the 2006 Share Option Scheme can be offered thereunder but the provisions of the scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted prior to its termination and options granted prior to such termination shall continue to be valid and exercisable. The 2016 Share Option Scheme was adopted for the primary purpose of providing incentives and/or reward to directors and employees of the Group and will expire on 16 June 2026 unless otherwise cancelled or amended. Under the Share Option Scheme, the Board may grant options to eligible employees to subscribe for shares in the Company. The eligible participants of the Share Option Scheme are any director or employee of the Group and any other person (including a consultant or adviser) who in the sole discretion of the Board has contributed or will contribute to the Group. The offer of a grant of share options may be accepted within 21 days from the date of offer, upon receipt by the Company of the payment of a consideration of HK$1 and signed acceptance of offer by the eligible participant.

Subject to the terms and conditions of the Share Option Scheme, the total number of Shares in respect of which share options may be granted is not permitted to exceed 10% of the Shares of the Company in issue at the adoption date, without prior approval from the Company's shareholders. The number of Shares issued and to be issued in respect of which share options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the Shares in issue at any point of time, without prior approval from the Company's shareholders. Share options granted to independent non-executive directors and substantial shareholders of the Company in excess of 0.1% of the Company's issued share capital and with a value in excess of HK$5,000,000 must be approved in advance by the Company's shareholders.

Share options may be exercised at any time from the date of grant of the share option to the expiry of the Share Option Scheme, unless otherwise specified in the Share Option Scheme. The exercise price is determined by the Board, and will not be less than the higher of (i) the closing price of the Shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average of the closing prices of the Shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Shares.

The total number of options available for issue under the Share Option Scheme was 107,352,819 shares, representing approximately 4.95% of the issued share capital of the Company as at the date of this report.

For the year ended 31 December 2019, the details of the share options of the Company granted, exercised and cancelled pursuant to the 2006 Share Option Scheme were as follows:

Name of Grantee	No. of Share Options Outstanding at the Beginning of the Year	No. of Share Options Granted during the Year	No. of Share Options Exercised during the Year	No. of Share Options Cancelled during the Year	No. of Share Options Lapsed during the Year	No. of Share Options Outstanding at the End of the Year	Date of Grant	Period during which Share Options are Exercisable	Exercise Price per Share (HK$)
Employees									
Certain Other employees of the Company's subsidiaries, associated companies and joint ventures	263,000	–	213,500	–	49,500	–	22 January 2009	22 January 2009 to 21 January 2019	2.89
	555,250	–	440,000	–	115,250	–	22 January 2009	22 January 2010 to 21 January 2019	2.89
	1,241,750	–	841,000	–	400,750	–	22 January 2009	22 January 2011 to 21 January 2019	2.89
	59,000	–	59,000	–	–	–	13 May 2009	13 May 2011 to 12 May 2019	7.16
	3,300,000	–	691,000	–	2,609,000	–	13 May 2009	13 May 2012 to 12 May 2019	7.16
	12,946,750	–	–	–	12,946,750	–	22 June 2009	22 June 2009 to 21 June 2019	11.00
	7,066,875	–	–	–	7,066,875	–	22 June 2009	22 June 2010 to 21 June 2019	11.00
	7,341,875	–	–	–	7,341,875	–	22 June 2009	22 June 2011 to 21 June 2019	11.00
	32,774,500	**–**	**2,244,500**	**–**	**30,530,000**	**–**			
Certain employees of Greentown Property Management Service Group Co., Ltd., Hangzhou Jinshagang Travel Cultural Co., Ltd. and Greentown Holdings Group Limited, all being affiliates of Mr SONG Weiping	872,500	–	–	–	872,500	–	22 June 2009	22 June 2009 to 21 June 2019	11.00
	436,250	–	–	–	436,250	–	22 June 2009	22 June 2010 to 21 June 2019	11.00
	436,250	–	–	–	436,250	–	22 June 2009	22 June 2011 to 21 June 2019	11.00
	1,745,000	**–**	**–**	**–**	**1,745,000**	**–**			
Total	**34,519,500**	**–**	**2,244,500**	**–**	**32,275,000**	**–**			

Details of the Company's Share options granted, exercised, cancelled and lapsed pursuant to the 2016 Share Option Scheme during the year ended 31 December 2019 were as follow:

Name of Grantee	No. of Share Options Outstanding at the Beginning of the Year	No. of Share Options Granted during the Year	No. of Share Options Exercised during the Year	No. of Share Options Cancelled during the Year	No. of Share Options Lapsed during the Year	No. of Share Options Outstanding at the End of the Year	Date of Grant	Period during which Share Options are Exercisable	Exercise Price per Share (HK$)
Directors									
Mr ZHANG Yadong	2,280,000	–	–	–	–	2,280,000	28 August 2018	28 August 2019 to 27 August 2028	8.326
	2,280,000	–	–	–	–	2,280,000	28 August 2018	28 August 2020 to 27 August 2028	8.326
	1,520,000	–	–	–	–	1,520,000	28 August 2018	28 August 2021 to 27 August 2028	8.326
	760,000	–	–	–	–	760,000	28 August 2018	28 August 2022 to 27 August 2028	8.326
	760,000	–	–	–	–	760,000	28 August 2018	28 August 2023 to 27 August 2028	8.326
	7,600,000	**–**	**–**	**–**	**–**	**7,600,000**			
Mr LIU Wensheng	2,220,000	–	–	–	–	2,220,000	27 December 2017	27 December 2018 to 26 December 2027	9.10
	2,220,000	–	–	–		2,220,000	27 December 2017	27 December 2019 to 26 December 2027	9.10
	1,480,000	–	–	–	–	1,480,000	27 December 2017	27 December 2020 to 26 December 2027	9.10
	740,000	–	–	–	–	740,000	27 December 2017	27 December 2021 to 26 December 2027	9.10
	740,000	–	–	–	–	740,000	27 December 2017	27 December 2022 to 26 December 2027	9.10
	7,400,000	**–**	**–**	**–**	**–**	**7,400,000**			
Mr LI Jun	570,000	–	–	–	–	570,000	27 December 2017	27 December 2018 to 26 December 2027	9.10
	570,000	–	–	–	–	570,000	27 December 2017	27 December 2019 to 26 December 2027	9.10
	380,000	–	–	–	–	380,000	27 December 2017	27 December 2020 to 26 December 2027	9.10
	190,000	–	–	–	–	190,000	27 December 2017	27 December 2021 to 26 December 2027	9.10
	190,000	–	–	–	–	190,000	27 December 2017	27 December 2022 to 26 December 2027	9.10
	390,000	–	–	–	–	390,000	28 August 2018	28 August 2019 to 27 August 2028	8.326
	390,000	–	–	–	–	390,000	28 August 2018	28 August 2020 to 27 August 2028	8.326
	260,000	–	–	–	–	260,000	28 August 2018	28 August 2021 to 27 August 2028	8.326
	130,000	–	–	–	–	130,000	28 August 2018	28 August 2022 to 27 August 2028	8.326
	130,000	–	–	–	–	130,000	28 August 2018	28 August 2023 to 27 August 2028	8.326
	3,200,000	**–**	**–**	**–**	**–**	**3,200,000**			
Employees									
Certain other employees of	27,210,000	–	–	–	12,345,000	14,865,000	27 December 2017	27 December 2018 to 26 December 2027	9.10
the Company's subsidiaries,	27,210,000	–	–	12,345,000	–	14,865,000	27 December 2017	27 December 2019 to 26 December 2027	9.10
associated companies and	18,140,000	–	–	8,230,000	–	9,910,000	27 December 2017	27 December 2020 to 26 December 2027	9.10
jointly controlled entities	9,070,000	–	–	4,115,000	–	4,955,000	27 December 2017	27 December 2021 to 26 December 2027	9.10
	9,070,000	–	–	4,115,000	–	4,955,000	27 December 2017	27 December 2022 to 26 December 2027	9.10
	90,700,000	**–**	**–**	**28,805,000**	**12,345,000**	**49,550,000**			
Total	**108,900,000**		**–**	**28,805,000**	**12,345,000**	**67,750,000**			

The vesting period of the above share options is from the date of grant until the commencement of the period during which they are exercisable.

During the Year, no share options were exercised, 28,805,000 share options were cancelled and 12,345,000 share options were lapsed.

For other details regarding the share option scheme(s) of the Company, please refer to note 44 to the consolidated financial statements of the Company in this report.

Valuation of Options

The Company has been using the Binomial Valuation Model and the Black-Scholes Pricing Model (collectively, the "Models") to value the share options granted. Details of the key parameters used in the Models and the corresponding fair values of the options granted in 2009, 2017 and 2018 are set out in note 44 to the Consolidated Financial Statement

Directors' Material Interests in Transactions, Arrangements or Contracts of Significance

Other than as disclosed in the section headed "Connected Transactions and Continuing Connected Transactions" of this annual report and in note 51 to the Consolidated Financial Statements, no Director nor any entity connected with a Director is or was materially interested, either directly or indirectly, in any transaction, arrangement or contract, which is of significance to the business of the Group and to which the Company or any of its subsidiaries, its parent company and the subsidiaries of its parent company was a party, subsisting at any time during, or at the end of, the year ended 31 December 2019.

Permitted Indemnity Provision

Pursuant to the Company's Articles of Association, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted. The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group.

Connected Transactions and Continuing Connected Transactions

Significant related party transactions entered into by the Group for the year ended 31 December 2019 are disclosed in note 51 to the Consolidated Financial Statements. Details of some of the said related party transactions, which also constituted connected transactions or continuing connected transactions of the Company required to be disclosed in accordance with Chapter 14A of the Listing Rules are listed as follows. Save for the transactions mentioned below, none of such related party transactions constituted a connected transaction or a continuing connected transaction of the Company pursuant to Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules as and where applicable and relevant.

(A) Connected Transactions

1.1 Joint Development of Residential Properties in Nansha District of Guangzhou

On 4 January 2019, Hangzhou Greentown Zhizhen Investment Company Limited ("Greentown Zhizhen"), Greentown Huanan Investment Development Company Limited ("Greentown Huanan") and Greentown Real Estate Group Co., Ltd. ("Greentown Real Estate"), subsidiaries of the Company, entered into a cooperation agreement with CCCC Urban Investment Holding Company Limited ("CCCC Urban Investment"), Guangzhou Junwei Real Estate Development Company Limited ("Guangzhou Junwei"), Hangzhou Zhaolian Investment Company Limited ("Hangzhou Zhaolian"), Guangzhou Luzheng Real Estate Development Company Limited ("Guangzhou Luzheng", together with Hangzhou Zhaolian, the "Target Group") and an independent third party (the "Cooperating Party") for the joint development of a piece of land in the Nansha District of Guangzhou in the PRC with a gross site area of approximately 45,234 sqm. Upon completion of the transactions contemplated under the cooperation agreement, CCCC Urban Investment and the Cooperating Party were introduced to the Target Group as new investors for joint development of the abovementioned land. According to the terms of the bid for the land, the total land consideration was RMB991,500,000.

Pursuant to the cooperation agreement, among other things, the Group has sold 30% equity interest in Hangzhou Zhaolian to CCCC Urban Investment at the consideration of approximately RMB1,505,700 (the "Disposal"), and the remaining 70% equity interest to Guangzhou Junwei at the consideration of approximately RMB3,513,300.

CCCG is a substantial shareholder of the Company under the Listing Rules. Accordingly, CCCG and its associates (including CCCC Urban Investment, a subsidiary of CCCG) are connected persons of the Company.

Based on the applicable size tests as of the date of the cooperation agreement, the Disposal constituted a connected transaction of the Company subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

Details of the above were disclosed in the announcement of the Company dated 4 January 2019.

1.2 Construction Agreements in relation to Certain Plots of Xi'an National Games Village

On 14 January 2019, Xi'an International Land Port Development Co., Ltd. ("Xi'an International Land Port"), a subsidiary of the Company, entered into construction agreements with CCCC-SHEC Fifth Engineering Co., Ltd. ("CCCC-SHEC Fifth Engineering"), a subsidiary of CCCG, pursuant to which Xi'an International Land Port agreed to engage CCCC-SHEC Fifth Engineering, at a consideration of RMB416,487,047.06, as the main contractor to carry out the construction works of Phase Three of Plots 3, 4, 7 and 8 of Xi'an National Games Village, a construction project of Xi'an International Land Port and located in the International Port Area, Xi'an (西安市國際港務區) with a gross construction area of approximately 222,076 sqm. The construction period of Phase Three of Plots 3, 4, 7 and 8 of Xi'an National Games Village will be 988 days from the commencement date of the construction work under the relevant construction agreements.

CCCG is a substantial shareholder of the Company under the Listing Rules. Accordingly, CCCG and its associates (including CCCC-SHEC Fifth Engineering, a subsidiary of CCCG) are connected persons of the Company.

Based on the applicable size tests as of the date of the construction agreements, the transactions contemplated under the construction agreements constituted a connected transaction of the Company subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

Details of the above were disclosed in the announcement of the Company dated 14 January 2019.

1.3 Provision of Project Management Services

On 19 March 2019, Greentown Real Estate and China First Highway Engineering Company Ltd. ("China First Highway"), a subsidiary of CCCG, entered into a cooperation agreement in relation to the Yaogu Talent-housing Project EPC in Haikou City, Hainan Province, by which Greentown Real Estate shall provide project management service for the project and shall receive from China First Highway a project management fee totaling RMB76,343,872.50.

CCCG is a substantial shareholder of the Company under the Listing Rules. Accordingly, CCCG and its associates (including CCCC First Highway) are connected persons of the Company.

Based on the applicable size tests as of the date of the cooperation agreement, the transactions contemplated under the cooperation agreement constitute a connected transaction of the Company subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

Details of the above were disclosed in the announcement of the Company dated 19 March 2019.

1.4 Joint Development of Properties in Fuzhou

On 19 December 2018, Fuzhou Lurong Investment Development Co., Ltd.* (福州綠榕投資發展有限公司) ("Fuzhou Lurong Investment") (a subsidiary of the Company as of the date of the framework agreement) entered into a framework agreement with CCCC Haixi Investment Company Limited (a subsidiary of CCCG, "CCCC Haixi Investment") and an independent third party pursuant to which the parties agreed to jointly develop a piece of land in Fuzhou on a 80:10:10 basis. According to the terms of the bid for the land, the total land consideration of RMB1,843,000,000, whereas the project company proposed to be established will have a registered capital of RMB800 million, to be contributed by the parties to the framework agreement pro rata on the abovementioned 80:10:10 basis.

CCCG is a substantial shareholder of the Company under the Listing Rules. Accordingly, CCCG and its associates (including CCCC Haixi Investment) are connected persons of the Company. As such, the entering into of the framework agreement and the transactions contemplated thereunder constituted a connected transaction of the Company.

On 30 April 2019, the Company announced that the Group has disposed of part of its equity interest in Fuzhou Lurong Investment such that Fuzhou Lurong Investment ceased to be a subsidiary of the Company and the transactions contemplated under the framework agreement are no longer connected transactions of the Group.

For details of the above, please refer to the announcements of the Company dated 19 December 2018, 15 March 2019 and 30 April 2019.

1.5 Joint Development of a Piece of Land at Longwu Unit, Xihu District of Hangzhou

On 17 May 2019, Hunan Greentown Ideal Town Construction Group Co., Ltd. ("Hunan Greentown Town "), a subsidiary of the Company, entered into a shareholders' agreement with Hangzhou Bluetown Zhisheng Investment Management Co., Ltd. ("Bluetown Zhisheng"), an associate of Mr SONG Weiping, in relation to the establishment of a project company for joint development of a piece of land located at Longwu Unit, Xihu District of Hangzhou, Zhejiang province of the PRC with a gross site area of approximately 17,382 sqm. The project company was proposed to be established for the development of the land on a 51:49 shareholding basis by Hunan Greentown Town and Bluetown Zhisheng. The registered capital of the project company is RMB100 million whereas the total land consideration was RMB260.92 million, payable by the parties pro rata on the abovementioned 51:49 basis.

Bluetown Zhisheng is indirectly owned as to over 30% shareholding by Mr SONG Weiping, a former Director of the Company until 11 July 2019 and a founding member of the Group. Bluetown Zhisheng is therefore an associate of Mr Song and a connected person of the Company.

Based on the applicable size tests as of the date of the shareholders' agreement, the transactions contemplated under the shareholders' agreement and the development of the land constitute a connected transaction of the Company subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

Details of the above were disclosed in the announcement of the Company dated 17 May 2019.

1.6 Formation of Joint Venture in Gao'an, Jiangxi

On 3 June 2019, Greentown Ideal Town Construction Group Co., Ltd. ("Greentown Town"), a subsidiary of the Company, entered into an investment and cooperation agreement with Bluetown Property Construction Management Group Co., Ltd. ("Bluetown"), an associate of Mr SONG Weiping, Jiangxi Bafulo Eco-agricultural Science and Technology Co., Ltd ("Bafulo Agriscience"), an independent third party, and Jiangxi Bafulo Eco Valley Co., Ltd. ("Bafulo Eco Valley"), a subsidiary of Bafulo Agriscience, pursuant to which Greentown Town and Bluetown will subscribe for equity interests in the Bafulo Eco Valley by way of capital contribution of RMB65,939,400 and RMB64,000,000 into Bafulo Eco Valley, respectively. Upon completion of the Capital Contribution, each of Greentown Town and Bluetown will hold 34% and 33% of the enlarged equity interests in Bafulo Eco Valley. The investment and cooperation agreement was entered into for the development of Jiangxi Gao'an Bafuluo Modern Agricultural Complex Project.

Bluetown is owned as to over 30% shareholding by Mr SONG Weiping, a former Director of the Company until 11 July 2019 and a founding member of the Group. Bluetown is therefore an associate of Mr Song and a connected person of the Company.

Based on the applicable size tests as of the date of the investment and cooperation agreement, the transactions contemplated under the agreement constitute a connected transaction of the Company subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

Details of the above were disclosed in the announcement of the Company dated 3 June 2019.

1.7 Introduction of Investors in Chengdu Project

On 15 July 2019, Greentown Town entered into a share transfer and shareholders' cooperation agreement with CCCC Southwest Investment and Development Co., Ltd. ("CCCC Southwest Investment"), a subsidiary of CCCG, and Sichuan Province Agriculture Convention and Exhibition Group Co., Ltd. ("SPACE"), an independent third party in relation to Chengdu Greentown Sichuan Cuisine Town Business Co., Ltd. ("Greentown Sichuan Cuisine Town"), a company established in December 2018 for implementing and carrying forward the International Sichuan Cuisine Town Project in Chengdu and a subsidiary of the Company. Pursuant to the agreement, Greentown Town agrees to transfer to each of CCCC Southwest Investment and SPACE 20% interests in the Greentown Sichuan Cuisine Town. After the share transfers, Greentown Sichuan Cuisine Town will be owned by Greentown Town, CCCC Southwest Investment and SPACE as to 60%, 20% and 20%, respectively. Greentown Town, CCCC Southwest Investment and SPACE have agreed to subscribe for a total of RMB300,000,000, RMB100,000,000 and RMB100,000,000 in the registered capital of the Project Company, respectively, representing their respective proportionate interests in the Project Company's registered capital after the share transfers, and it is agreed that CCCC Southwest Investment and SPACE shall each pay Greentown Town RMB4,000,000 in relation to the paid-up capital of RMB20,000,000.

CCCG is a substantial shareholder of the Company under the Listing Rules. Accordingly, CCCG and its associates (including CCCC Southwest Investment) are connected persons of the Company.

Based on the applicable size tests as of the date of the agreement, the transactions contemplated under the agreement constitute a connected transaction of the Company subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

1.8 Formation of Joint Venture of in Harbin

On 24 September 2019, Harbin Greentown Real Estate Co., Ltd. ("Harbin Greentown Real Estate"), a subsidiary of the Company, entered into an agreement with CCCC Northeast Investment Co., Ltd.* (中交東北投資有限公司)("CCCC Northeast Investment"), an associate of a connected person of the Company, CCCG, and Harbin Metro Real Estate Development Co., Ltd. * (哈爾濱市地鐵置業開發有限公司) ("Harbin Metro RED"), an independent third party, pursuant to which the parties will establish a project company ("Project Company"), and Harbin Greentown Real Estate, CCCC Northeast Investment and Harbin Metro RED will subscribe for equity interests in the Project Company by way of capital contribution of in the amounts of RMB20.7 million, RMB4.5 million and RMB19.8 million, respectively and representing 46%, 10% and 44% respectively of the initial registered capital of the Project Company. The aforesaid agreement was entered into and the Project Company was established for the development of project in the above-depot area of the relevant rail yards of Harbin Metro Line 3 in Harbin, Heilongjiang province.

CCCG is a substantial shareholder and therefore a connected person of the Company under the Listing Rules. CCCC Northeast Investment is an indirect non-wholly owned subsidiary of CCCG and therefore an associate of a connected person of the Company.

Based on the applicable size tests as of the date of the agreement, the transactions contemplated under the agreement constitute a connected transaction of the Company subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

Details of the above were disclosed in the announcement of the Company dated 24 September 2019.

1.9 Provision of Financial Assistance for Development of Area of Facilities of Commercial and Service Industries in Gao'an, Jiangxi Province

On 12 December 2019, Greentown Town entered into a supplemental agreement to the investment and cooperation agreement dated 3 June 2019 with Bluetown Blueprint Construction Management Co., Ltd.* (藍城藍本建設管理有限公司)("Bluetown Blueprint"), Bafulo Agriscience and Bafulo Eco Valley, pursuant to which Greentown Town will provide financial assistance up to RMB229,680,000 (with interests) to Bafulo Eco Valley for the purpose of funding Bafulo Eco Valley's development on the land situated in the Jiangxi Gao'an Bafuluo Modern Agricultural Complex Project* (江西高安巴夫洛現代農業綜合體項目) with a gross site area up to 227,115 sqm. The land is intended to be developed into area of facilities of commercial and service industries. The financial assistance was tripartite, each of which bears a different interest rate.

Bafulo Eco Valley is 33% owned by Bluetown Blueprint, a subsidiary of Bluetown. Bluetown is owned by Mr Song as to over 30% shareholding, a former executive Director who has resigned within 12 months from the date of the supplemental agreement. Therefore, each of Bluetown, Bluetown Blueprint and Bafulo Eco Valley is an associate of Mr Song under the Listing Rules and a connected person of the Company.

Based on the applicable size tests as of the date of the supplemental agreement, the transactions contemplated under the supplemental agreement constitute a connected transaction of the Company subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

Details of the above were disclosed in the announcement of the Company dated 12 December 2019.

1.10 Construction Agreements in relation to Plots W1, W2 and 3 of Tianjin Chentang Science and Technology Commercial District

On 20 December 2019, Tianjin CCCC Greentown Urban Construction Development Company Limited* (天津中交綠城城市建設發展有限公司) ("Tianjin CCCC Greentown"), a subsidiary of the Company, entered into construction agreements with No. 2 Engineering Company Ltd. of CCCC First Harbor Engineering Company Ltd.* (中交一航局第二工程有限公司) ("CCCC No.2 Engineering"), pursuant to which CCCC No.2 Engineering will be responsible for the construction works under Plots W1, W2 and 3 of Tianjin Chentang Science and Technology Commercial District. The aggregate Consideration payable to CCCC No. 2 Engineering under the Construction Agreements amounts to RMB657,944,482.76. The construction period for Plot W1 and W2 will be 751 days from the commencement date of the construction work, and the period for Plot 3 will be 1,160 days from the commencement date of the construction work.

CCCG is a substantial shareholder of the Company. Accordingly, CCCG and its associates (including CCCC No. 2 Engineering, an indirect non-wholly owned subsidiary of CCCG) are connected persons of the Company.

Based on the applicable size tests as of the date of the Construction Agreement, the transactions contemplated under the construction agreements constitute a connected transaction of the Company subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

Details of the above were disclosed in the announcement of the Company dated 20 December 2019.

1.11 Huzhou Anji Project

On 24 December 2019, Greentown Town entered into a share transfer and cooperation agreement with Zhejiang Yinrun Leisure Tourism Development Co., Ltd.*(浙江銀潤休閒旅遊開發有限公司) ("Zhejiang Yinrun"), Zhejiang Bluetown Construction Management Co., Ltd.* (浙江藍城建設管理有限公司) ("Zhejiang Bluetown"), Ningbo Meishan Bonded Port Area Lanyou Investment Management Co., Ltd.* (寧波梅山保税港區藍右投資管理有限公司) ("Ningbo Lanyou"), Ningbo Meishan Bonded Port Area Lanzhen Investment Management Limited Partnership* (寧波梅山保税港區藍鎮投資管理合夥企業(有限合夥)) ("Ningbo Lanzhen") and Bluetown Town Zhiyuan (Hangzhou) Investment Limited Partnership* (藍城小鎮致源(杭州)投資合夥企業(有限合夥)) ("Bluetown Town Zhiyuan"), pursuant to which Greentown Town agreed to acquire 40% of the shares in Zhejiang Yinrun Bluetown Real Estate Development Co., Ltd.* (浙江銀潤藍城房地產開發有限公司) ("Target Company") at an aggregate amount of not exceeding RMB420,183,860, including a consideration of not exceeding RMB390,183,860 and a financial assistance of not exceeding RMB30,000,000. The purpose of the share transfer and cooperation agreement is to set out the terms of cooperation among the parties for the development of the Huzhou Anji Project, situated in Anji District, Huzhou, Zhejiang with a gross site area of approximately 645,493 sqm, which is intended to be developed into residential properties, schools and commercial properties. Upon completion of Greentown Town's acquisition of the 40% shares in the Target Company, the Target Company will be owned by Greentown Town, Zhejiang Bluetown, Ningbo Lanyou, Ningbo Lanzhen, Zhejiang Yinrun, and Bluetown Town Zhiyuan as to 40%, 35%, 10%, 9%, 5%, and 1%, respectively.

As at the date of the agreement, the Target Company was 35% owned by Zhejiang Bluetown, which was in turn 66.5% owned by Bluetown. Bluetown is owned by Mr Song as to over 30% shareholding, a former executive Director who has resigned within 12 months from the date of the share transfer and cooperation agreement. Therefore, each of Bluetown, Zhejiang Bluetown and the Target Company is an associate of Mr Song under the Listing Rules and a connected person of the Company.

Based on the applicable size tests as of the date of the share transfer and cooperation agreement, the transactions contemplated under the share transfer and cooperation agreement constitute a connected transaction of the Company subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

Details of the above were disclosed in the announcement of the Company dated 24 December 2019.

1.12 Construction Agreement in relation to the Beijing Shunyi Construction Project

On 27 December 2019, Beijing Zhishun Real Estate Development Co., Ltd.* (北京致順房地產開發有限公司) ("Beijing Zhishun"), a subsidiary of the Company, entered into a construction agreement with CCCC First Highway, pursuant to which, CCCC First Highway was engaged as the main contractor to carry out the construction works of the Beijing Shunyi Construction Project at a consideration of RMB254,616,414.82. The Beijing Shunyi Construction Project is located in Mapo Town, Shunyi District of Beijing in the PRC, with a gross construction area of approximately 109,186 sqm, which is intended to be primarily developed into residential properties. The construction period of the Beijing Shunyi Construction Project will be 793 days from the commencement date of the construction works.

CCCG is a substantial shareholder of the Company. Accordingly, CCCG and its associates (including CCCC First Highway, an indirect non-wholly owned subsidiary of CCCG) are connected persons of the Company.

Based on the applicable size tests as of the date of the construction agreement, the transactions contemplated under the construction agreement constitute a connected transaction of the Company subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

Details of the above were disclosed in the announcement of the Company dated 27 December 2019.

1.13 Provision of Financial Assistance for Development of Residential Properties in Gao'an, Jiangxi Province

On 27 December 2019, Greentown Town, a subsidiary of the Company, entered into a further supplemental agreement to the investment and cooperation agreement dated 3 June 2019 with Bluetown Blueprint, Bafulo Agriscience and Bafulo Eco Valley, pursuant to which Greentown Town will provide financial assistance up to RMB157,760,000 (with interests) to the Bafulo Eco Valley for the specific purpose of developing the land situated in Dachengzhen District Gao'an, Jiangxi with a gross site area up to 460mu. The land is intended to be developed into residential properties. Such financial assistance was tripartite, each of which bears a different interest rate.

Bafulo Eco Valley is 33% owned by Bluetown Blueprint, a subsidiary of Bluetown. Bluetown is owned by Mr Song as to over 30% shareholding, a former executive Director who has resigned within 12 months from the date of the supplemental agreement. Therefore, each of Bluetown, Bluetown Blueprint and Bafulo Eco Valley is an associate of Mr Song under the Listing Rules and a connected person of the Company.

Based on the applicable size tests as of the date of the supplemental agreement, the transactions contemplated under the supplemental agreement constitute a connected transaction of the Company subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

Details of the above were disclosed in the announcement of the Company dated 27 December 2019.

1.14 Joint Venture Arrangements in Jiaxing

On 30 December 2019, Greentown Town entered into two agreements, namely the BCT Agreement with Hangzhou Bluetown Jialan Construction Management Co., Ltd.* (杭州藍城嘉藍建設管理有限公司) ("Bluetown Jialan"), Ningbo Meishan Bonded Port Jialan Investment Management Limited Partnership* (寧波梅山保税港區嘉藍投資管理合夥企業(有限合夥)) ("Meishan Jialan") and Jiaxing Bluetown Cultural Tourism Development Co., Ltd.*(嘉興藍城文化旅遊開發有限公司) ("BCT"), and the BOB Agreement with Zhejiang Bluetown Jiaren Construction Management Co., Ltd.*(浙江藍城嘉仁建設管理有限公司) ("Bluetown Jiaren"), Meishan Jialan, Ningbo Fuyi Rich Enterprise Management Limited Partnership*(寧波富逸睿匙企業管理合夥企業(有限合夥)) ("Fuyi Rich"), Zhejiang Jiaxing Fuda Construction Co., Ltd.*(浙江嘉興福達建設股份有限公司) ("Jiaxing Fuda"), Jiaxing Bluetown Ocean Blue Development Management Co., Ltd.* (嘉興藍城海藍建設管理有限公司) ("BOB") and Jiaxing Bluetown Cultural Rehabilitation Property Development Co., Ltd.* (嘉興藍城文化康養地產開發有限公司) ("Bluetown Cultural Rehabilitation").

Under the BCT Agreement, Greentown Town agreed to acquire 20% of the equity interest in BCT at the consideration of RMB13,309,583.33 and creditor's right of RMB62,825,000 receivable by Bluetown Jialan as creditor from BCT as debtor at the consideration of RMB62,825,000. BCT was established for the development of the Fenghe Jiuli Project* (風荷九里項目). The Fenghe Jiuli Project is a residential property and hotel development project in Jiaxing city, Zhejiang.

Under the BOB Agreement, Greentown Town agreed to acquire 20% of the equity interest in BOB at nil consideration and creditor's right of RMB78,864,940.82 receivable by Bluetown Jiaren as creditor from BOB as debtor at the consideration of RMB78,864,940.82. Such arrangement was entered into for the joint development of the Chunfeng Ruyi Project* (春風如意項目), a residential and commercial properties development project in Jiaxing city, Zhejiang.

As of the date of the agreements: (i) BCT was 80% owned by Bluetown Jialan, a subsidiary of Bluetown; (ii) Bluetown Cultural Rehabilitation was a wholly-owned subsidiary of BOB, which was in turn 62.2% owned by Bluetown Jiaren, a subsidiary of Bluetown. Bluetown is owned by Mr Song as to over 30% shareholding. Therefore, each of Bluetown, Bluetown Jialan, BCT, Bluetown Jiaren, BOB and Bluetown Cultural Rehabilitation is an associate of Mr Song under the Listing Rules and a connected person of the Company.

Based on the applicable size tests as of the date of the BCT Agreement and the BOB Agreement, the transactions contemplated under the BCT Agreement and the BOB Agreement constitute connected transactions of the Company subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

Details of the above were disclosed in the announcement of the Company dated 30 December 2019.

(B) Continuing Connected Transactions

In 2019, the Group entered into the following non-exempt continuing connected transactions (the "Non-exempt Continuing Connected Transactions") within the meaning of Chapter 14A of the Listing Rules, and is subject to certain reporting requirements:

2.1 Renewed Properties Leasing Agreements

On 12 March 2015, the Company and Greentown Holdings entered into certain leasing agreements, pursuant to which Greentown Holdings leased to the Company certain commercial properties for general commercial uses (the "Commercial Properties") and certain staff quarters as staff quarters of the Group for a term up to 31 December 2017. On 29 March 2018, the Company and Greentown Holdings entered into a properties leasing agreement (the "Renewed Properties Leasing Agreement") in respect of the Commercial Properties for a term up to 31 December 2020.

The annual cap for the rent payable by the Company under the Renewed Properties Leasing Agreement for each of the three years ended 31 December 2020 was RMB10 million.

As at the date of the Renewed Properties Leasing Agreement, as Greentown Holdings was wholly-owned by Mr SONG Weiping, Mr SHOU Bainian and Ms XIA Yibo (the spouse of Mr SONG Weiping) (collectively, the "Original Shareholders"), Greentown Holdings was a connected person of the Company and the transactions contemplated under the Renewed Properties Leasing Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Details of the Renewed Properties Leasing Agreements were disclosed in the announcements of the Company dated 29 March 2018 and 29 May 2018.

2.2 Renewed Advertising Services Agreement

On 12 March 2015, the Company and Zhejiang Greentown Football Club Company Limited* (浙江綠城足球俱樂部有限公司) (a non-wholly owned subsidiary of Greentown Holdings) (the "Football Club") entered into an advertising services agreement (the "Previous Advertising Services Agreement"), pursuant to which the Football Club agreed to provide advertising services to the Company including advertising the Company's "Greentown Real Estate" brand name at the football games and events participated by the Football Club for a term up to 31 December 2017. On 29 March 2018, the Company and the Football Club entered into an advertising services agreement (the "Renewed Advertising Services Agreement") in accordance with similar terms of the Previous Advertising Services Agreement for a term up to 31 December 2020.

The annual cap for the aggregate annual advertising fees payable by the Company under the Renewed Advertising Services Agreement for each of the three years ended 31 December 2020 was RMB100 million, RMB110 million and RMB121 million respectively.

As at the date of the Renewed Advertising Services Agreement, as Greentown Holdings was wholly-owned by the Original Shareholders, Greentown Holdings was a connected person of the Company. As at the date of the Renewed Advertising Services Agreement, as the Football Club was a non-wholly owned subsidiary of Greentown Holdings, the Football Club was a connected person of the Company and the transactions contemplated under the Renewed Advertising Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Details of the Renewed Advertising Services Agreement were disclosed in the announcements of the Company dated 29 March 2018 and 29 May 2018.

2.3 Renewed Comprehensive Services Agreement

On 12 March 2015, the Company, the Original Shareholders and Greentown Holdings entered into a comprehensive services agreement (the "Previous Comprehensive Services Agreement") in respect of the provision of interior decoration services and supply of raw materials to the Company for a term up to 31 December 2017. On 29 March 2018, the Company, the Original Shareholders and Greentown Holdings entered into a comprehensive services agreement (the "Renewed Comprehensive Services Agreement") in accordance with similar terms of the Previous Comprehensive Services Agreement for a term up to 31 December 2020.

(a) Interior Decoration Services

Pursuant to the Renewed Comprehensive Services Agreement, the Original Shareholders agreed to provide, through their associate(s), interior decoration services to the Company for the Company's property developments upon terms not less favourable than those the Original Shareholders offer to any third parties from time to time. The Company was not obliged to engage such services exclusively or at all from the Original Shareholders. By serving three months' prior written notice, the Company may terminate such services in respect of any of the Company's projects. The annual cap for the fees in respect of interior decoration services payable by the Company under the Renewed Comprehensive Services Agreement for each of the three years ended 31 December 2020 was RMB10 million.

As at the date of the Renewed Comprehensive Services Agreement, as the Original Shareholders were connected persons of the Company, the provision of interior decoration services by the Original Shareholders through their associates under the Renewed Comprehensive Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(b) *Supply of Raw Materials*

Pursuant to the Renewed Comprehensive Services Agreement, Greentown Holdings agreed to supply, through its associates, certain landscaping raw materials to the Company for the Company's property developments upon terms not less favourable than those Greentown Holdings offers to any third parties from time to time. The Company was not obliged to purchase such landscaping raw materials exclusively or at all from Greentown Holdings. By serving three months' prior written notice, the Company may terminate the purchase of such landscaping raw materials in respect of any specific supply contract. The annual cap for the costs in respect of the purchase of the aforesaid landscaping raw materials by the Company under the Renewed Comprehensive Services Agreement for each of the three years ended 31 December 2020 was RMB10 million.

As at the date of the Renewed Comprehensive Services Agreement, as Greentown Holdings was wholly-owned by the Original Shareholders, Greentown Holdings was a connected person of the Company and the transactions contemplated in paragraph (b) above constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Details of the Renewed Comprehensive Services Agreement were disclosed in the announcements of the Company dated 29 March 2018 and 29 May 2018.

2.4 Renewed Educational Services Framework Agreement

On 12 March 2015, the Company and Zhejiang Greentown Education Investment Co., Ltd.* (浙江綠城教育投資有限公司) ("Greentown Education") entered into an educational services framework agreement (the "Previous Educational Services Framework Agreement") for the provision of early educational participation services by Greentown Education to the Group in the Group's development projects. On 29 March 2018, the Company and Greentown Education entered into an educational services framework agreement (the "Renewed Educational Services Framework Agreement") in accordance with similar terms of the Previous Educational Services Framework Agreement for a term up to 31 December 2020. The services provided by Greentown Education mainly include: (i) participating in and advising on the initial decoration proposals and decoration work for the nursery and primary schools in the development projects of the Group; and (ii) assisting the Group in developing interest classes and summer camps, and related promotional activities. The services were charged according to government determined or directed price or, in absence of such government determination or direction, at market price (including tender price) which may be charged by an independent third party under normal commercial terms in respect of the provision of similar services in the same area, the vicinity or the PRC. The services under the Renewed Educational Services Framework Agreement were not exclusive and the Group may engage other service providers for the same services. The Company may also terminate the services provided by Greentown Education by serving three months' prior written notice. The annual cap for the fees in respect of the educational services payable by the Company under the Renewed Educational Services Framework Agreement for each of the three years ended 31 December 2020 was RMB10 million.

As at the date of the Renewed Educational Services Framework Agreement, as Greentown Education was wholly-owned by the Original Shareholders, Greentown Education was a connected person of the Company and the transactions contemplated under the Renewed Educational Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Details of the Renewed Educational Services Framework Agreement were disclosed in the announcements of the Company dated 29 March 2018 and 29 May 2018.

2.5 Renewed Healthcare Services Framework Agreement

On 12 March 2015, the Company and Zhejiang Greentown Hospital Investment Co., Ltd.* (浙江綠城醫院投資有限公司) ("Greentown Hospital") entered into a healthcare services framework agreement (the "Previous Healthcare Services Framework Agreement") for the provision of healthcare services to the Group for a term up to 31 December 2017. On 29 March 2018, the Company and Greentown Hospital entered into a healthcare services framework agreement (the "Renewed Healthcare Services Framework Agreement") in accordance with similar terms of the Previous Healthcare Services Framework Agreement for a term up to 31 December 2020. The services provided by Greentown Hospital mainly include: (i) providing healthcare and rehabilitation services; (ii) providing regular medical activities in respect of common or recurring diseases; (iii) establishing health database and developing health screening services; (iv) providing specific medical services; and (v) providing medical and living care services. The services were charged according to government determined or directed price or, in absence of such government determination or direction, at market price (including tender price) which may be charged by an independent third party under normal commercial terms in respect of the provision of similar services in the same area, the vicinity or the PRC. The services under the Renewed Healthcare Services Framework Agreement were not exclusive and the Group may engage other service providers for the same services. The Company may also terminate the services provided by Greentown Hospital by serving three months' prior written notice. The annual cap for the fees in respect of healthcare services payable by the Company under the Renewed Healthcare Services Framework Agreement for each of the three years ended 31 December 2020 was RMB10 million.

As at the date of the Renewed Healthcare Services Framework Agreement, as Greentown Hospital was controlled by the Original Shareholders, Greentown Hospital was a connected person of the Company and the transactions contemplated under the Renewed Healthcare Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Details of the Renewed Healthcare Services Framework Agreement were disclosed in the announcements of the Company dated 29 March 2018 and 29 May 2018. The annual amounts for each of the Non-exempt Continuing Connected Transactions for the year ended 31 December 2019 were as follows:

Transaction Amounts for the Year Ended 31 December 2019	RMB'000
Annual rental pursuant to the Renewed Properties Leasing Agreements	7,818
Advertising fees pursuant to the Renewed Advertising Services Agreement	103,774
Interior decoration service fees pursuant to the Renewed Comprehensive Services Agreement	160
Purchase cost of raw materials pursuant to the Renewed Comprehensive Services Agreement	–
Educational services fees pursuant to the Renewed Educational Services Framework Agreement	6,932
Healthcare services fees pursuant to the Renewed Healthcare Services Framework Agreement	–

The independent non-executive directors of the Company have reviewed the Non-exempt Continuing Connected Transactions and confirmed that they were:

(a) entered into by members of the Group in the ordinary and usual course of its business;

(b) on normal commercial terms or better; and

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

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing his findings and conclusions in respect of the Non-Exempt Continuing Connected Transactions in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

In the opinion of the Directors, all the above transactions have been entered into in the ordinary and usual course of the Group's business and are conducted on normal commercial terms or better and are fair and reasonable and in the interests of the Shareholders as a whole.

The Directors confirm that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

Directors' Interest in Competing Business

We set out below other directors' interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

Name of Director	Name of Competing Entity	Nature of Business of the Competing Entity	Nature of Interest of the Director in the Competing Entity
Mr SONG Weiping (Resigned on 11 July 2019)	Greentown Holdings	The development and sale of the Remaining Non-Inclusion Project (Note 1)	Director and substantial shareholder
Mr Stephen Tin Hoi NG (Appointed on 11 July 2019)	The Wharf (Holdings) Limited	Development and sales of properties and holding properties for lease	Chairman and Managing Director
	Wharf Real Estate Investment Company Limited		Chairman and Managing Director
	Wheelock		Deputy Chairman
	Harbour Centre Development Limited		Chairman
Mr Andrew On Kiu CHOW (Appointed as Mr Stephen Tin Hoi Ng's alternate on 11 July 2019)	The Wharf (Holdings) Limited	Development and sales of properties and holding properties for lease	Deputy Chairman and Executive Director

Note: (1) Among the eight property projects as referred to in the deed of non-competition dated 22 June 2006 and disclosed in the section headed "Business – Non – competition undertaking – Non-inclusion projects" in the prospectus of the Company dated 30 June 2006, so far as the Company is aware, there was only one project which remained on-going as at 31 December 2019 (the "Remaining Non-Inclusion Project").

Major Customers and Suppliers

The aggregate sales attributable to the Group's five largest customers were less than 30% of the Group's total sales and the sales attributable to the Group's largest customer were less than 10% of the Group's total sales for the Year.

The aggregate purchases attributable to the Group's five largest suppliers were less than 30% of the Group's total purchases and the purchases attributable to the Group's largest supplier were less than 10% of the Group's total purchases for the Year.

At no time during the year ended 31 December 2019, a director, an associate of a director or a shareholder of the Company (who to the knowledge of the directors own more than 5% of the Company's share capital) had any interest in any of the Group's five largest suppliers or customers.

Pre-Emptive Rights

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

Tax Relief

The Company is not aware of any relief from taxation available to shareholders of the Company by reason of their holding of Company's shares.

Donations

During the year ended 31 December 2019, the Company made charitable donations amounting to RMB1,440,840.

Annual General Meeting

The forthcoming AGM is proposed to be held on 12 June 2020 (Friday). A notice convening the AGM will be published and despatched to the Shareholders in the manner as required by the Listing Rules in due course.

Closure of Register of Members

The register of members of the Company will be closed during the following periods:

(i) From 9 June 2020 (Tuesday) to 12 June 2020 (Friday), both days inclusive, during which period no transfer of shares will be registered, for the purpose of ascertaining Shareholders' entitlement to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, Shareholders must lodge all transfers accompanied by the relevant share certificates with the Company's branch share register in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 8 June 2020(Monday); and

(ii) From 19 June 2020 (Friday) to 23 June 2020 (Tuesday), both days inclusive, during which period no transfer of shares will be registered, for the purpose of ascertaining Shareholders' entitlement to the 2019 Final Dividend, if approved by the Shareholders at the AGM. In order to be eligible to the 2019 Final Dividend, Shareholders must lodge all transfers accompanied by the relevant share certificates with the Company's branch share register in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 18 June 2020 (Thursday).

Auditor

The Consolidated Financial Statements of the Group for the year ended 31 December 2019 have been audited by Messrs. Deloitte Touche Tohmatsu. A resolution will be proposed at the forthcoming AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as the auditor of the Company.

By order of the Board
Chairman
ZHANG Yadong

20 March 2020

Independent Auditor's Report

TO THE MEMBERS OF GREENTOWN CHINA HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Greentown China Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 117 to 282, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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 ("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 judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Net realisable value for properties under development and completed properties for sale	
We identified the net realisable value for properties under development and completed properties for sale as a key audit matter as a significant management estimate is required in assessing the net realisable value. Properties under development and completed properties for sale at the end of each reporting period are stated at the lower of cost and net realisable value. Net realisable value for properties under development is determined by reference to estimated selling price in the ordinary course of business less estimated costs to completion and the estimated costs necessary to make the sales. Net realisable value for completed properties for sale is determined by reference to estimated selling price in the ordinary course of business less the estimated costs necessary to make the sales. As disclosed in the consolidated financial statements, as at 31 December 2019, the carrying amounts of properties under development and completed properties for sale are RMB136,615,966,000 and RMB12,167,498,000 respectively (net of accumulated provision of RMB184,805,000 and RMB671,735,000 respectively).	Our procedures in relation to the management's assessment of the net realisable value of properties under development and completed properties for sale included, among others: • Obtaining an understanding of, evaluate and test the key controls over cost budgeting for estimated costs to completion; • Assessing the reasonableness of estimated selling prices by comparing, on a sample basis, the management's estimation with most recent average selling prices with contracted sales of the underlying properties made to date or from current market prices of properties of comparable standards and locations; and • Assessing, on a sample basis, the reasonableness of the management's estimated costs of completion by reviewing the terms and conditions of the construction contracts, inspecting the contract sum, budget information, and assessing the appropriateness of changes in the estimated cost of completion by inspecting the supporting documents including correspondence among the Group, subcontractors and suppliers; and • Assessing, on a sample basis, the appropriateness of the previous budgeted costs to actual development costs incurred, and checking to supporting documentation such as quantity surveyor reports and signed contracts.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties stated at fair value We identified the valuation of investment properties stated at fair value as a key audit matter due to the involvement of management's judgement in determining the fair value. As disclosed in note 19 to the consolidated financial statements, investment properties are carried in the consolidated statement of financial position at 31 December 2019 at their fair value of approximately RMB4,032,818,000. The fair value was based on valuation on these properties conducted by the independent qualified professional valuer using property valuation techniques which adopt the investment approach by capitalising the net rental income derived from the existing tenancies with due provision for the reversionary income potential of the property interests, or where appropriate, by direct comparison approach by making reference to comparable sales transactions as available in the relevant markets. Assumptions such as rental yield and estimation of future rentals would affect the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.	Our procedures in relation to the valuation of investment properties included, among others: • Evaluating the appropriateness of the third party valuer's scope and assessed whether the third party valuer had sufficient expertise; • Obtaining an understanding of the valuation processes and the significant assumptions used in the valuation, namely the reversionary yield and market unit rent, from the management of the Group and the valuer; • Checking the source information provided by the management to the third party valuer to see if the source information is consistent with the supporting documentation such as signed contracts; and • Evaluating the appropriateness of the valuer's key assumptions by comparing yields on a sample of properties to external benchmark indices and comparing market unit rent used in the valuation on a sample of properties to comparable market transactions that we independently sourced from market data.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Recognition of revenue from sales of properties over time As disclosed in note 5 to the consolidated financial statements, revenue from sales of properties is recognised over time when the Group's performance under a sales contract does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise, the revenue is recognised at a point in time when the customer obtains control of the completed property. For the year ended 31 December 2019, revenue of the Group from sales of properties was RMB54,432,864,000, of which RMB15,602,151,000 was recognised over time. As disclosed in note 4 to the consolidated financial statements, 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 apply to the contract. Such determination requires significant judgments. The Group has obtained legal counsel opinion regarding the enforceability of the right to payment for such sales contracts. Management uses judgments, based on legal counsel opinion, to classify sales contracts into those with right to payment and those without the right. For the revenue from sales of properties recognised over time, the Group recognises revenue by measuring the progress towards complete satisfaction of the performance obligation at the reporting date. The progress is measured based on the Group's inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each property unit in the contract. The Group calculated the cost allocation based on phases of the projects and saleable floor areas. Significant judgments and estimations are required in determining the completeness of the estimated total costs and the accuracy of progress towards complete satisfaction of the performance obligation at the reporting date.	Our procedures in relation to the management's assessment of whether the Group has the enforceable right to payment in those sales contracts recognised over time included, among others: • Obtaining an understanding of management's procedures in identifying and classifying sales contracts with or without right to payment; • Reviewing the key terms of a sample of sales contracts to assess the presence of right to payment based on the contract terms; • Obtaining and reviewing 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 • Assessing the competence, experience and objectivity of the legal counsel engaged by the management. Our procedures in relation to the management's assessment of the estimated total contract costs and the accuracy of progress towards complete satisfaction of the performance obligation included, among others: • Obtaining an understanding of, evaluate and test the key controls over cost budgeting for estimated costs to completion; and • Assessing, on a sample basis, the reasonableness of the management's estimated costs of completion by reviewing the terms and conditions of the construction contracts, inspecting the contract sum, budget information, and assessing the appropriateness of changes in the estimated cost of completion by inspecting the supporting documents including correspondence among the Group, subcontractors and suppliers; and • Assessing, on a sample basis, the appropriateness of the previous budgeted costs to actual development costs incurred, and checking to supporting documentation such as quantity surveyor reports and signed contracts.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company 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.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, 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 judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is Kay Man Wo, Dick.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
20 March 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2019

	NOTES	2019 RMB'000	2018 RMB'000
Revenue	5	**61,592,939**	60,302,510
Cost of sales		**(45,952,531)**	(46,550,157)
Gross profit		**15,640,408**	13,752,353
Other income	6	**2,667,245**	1,860,271
Other gains and losses	7	**(40,372)**	(509,950)
Selling expenses		**(2,096,820)**	(1,844,396)
Administrative expenses		**(4,297,225)**	(3,895,426)
Finance costs	8	**(1,570,860)**	(1,551,663)
Impairment losses under expected credit loss model, net of reversal	9	**(796,887)**	(1,282,734)
Impairment losses on non-financial assets, net of reversal	10	**(579,195)**	(452,100)
(Loss) gain from changes in fair value of investment properties	19	**(41,866)**	132,128
Gain on re-measurement of an associate and joint ventures to acquisition date fair value in business combination achieved in stages	40	**43,487**	686,352
Net gain on disposal of subsidiaries	41	**98,269**	509,040
Share of results of associates		**1,002,893**	325,582
Share of results of joint ventures		**(75,951)**	174,515
Profit before taxation	11	**9,953,126**	7,903,972
Taxation	13	**(6,017,704)**	(5,528,742)
Profit for the year		**3,935,422**	2,375,230
Other comprehensive income:			
Item that will not be reclassified to profit or loss:			
Fair value gain on equity instruments at fair value through other comprehensive income		**256,752**	178,192
Other comprehensive income for the year (net of tax)		**256,752**	178,192
Total comprehensive income for the year		**4,192,174**	2,553,422
Profit for the year attributable to:			
Owners of the Company		**2,480,232**	1,003,285
Non-controlling interests		**1,455,190**	1,371,945
		3,935,422	2,375,230
Total comprehensive income for the year attributable to:			
Owners of the Company		**2,736,984**	1,181,477
Non-controlling interests		**1,455,190**	1,371,945
		4,192,174	2,553,422
Earnings per share	15		
Basic		**RMB0.55**	RMB0.18
Diluted		**RMB0.55**	RMB0.18

Consolidated Statement of Financial Position

As at 31 December 2019

	NOTES	2019 RMB'000	2018 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	**9,817,931**	9,399,753
Right-of-use assets	17	**1,038,724**	–
Prepaid lease payment	18	**–**	896,967
Investment properties	19	**4,032,818**	4,066,128
Goodwill	20	**769,241**	769,241
Interests in associates	21	**12,084,907**	8,998,556
Interests in joint ventures	22	**3,869,730**	1,839,788
Equity instruments at fair value through other comprehensive income	23	**1,511,985**	1,275,682
Rental paid in advance		**–**	18,332
Deferred tax assets	24	**3,238,893**	2,363,550
Deposit for acquisition of an associate	25	**–**	2,718,000
		36,364,229	32,345,997
CURRENT ASSETS			
Properties for development	26	**30,907,247**	22,842,799
Properties under development	27	**136,615,966**	117,876,867
Completed properties for sale		**12,167,498**	10,972,736
Inventories		**203,711**	119,503
Trade and other receivables, deposits and prepayments	28	**11,312,810**	6,253,199
Contract assets	29	**2,815,007**	1,887,085
Contract costs		**336,467**	332,268
Amounts due from related parties	51(ii)	**46,378,836**	31,847,932
Prepaid income taxes		**3,559,887**	3,068,258
Prepaid other taxes		**4,440,223**	3,996,968
Pledged bank deposits	30, 45	**5,326,761**	4,871,831
Bank balances and cash	30	**46,567,729**	43,347,301
		300,632,142	247,416,747
Assets classified as held for sale	31	**95,747**	–
		300,727,889	247,416,747

As at 31 December 2019

	NOTES	2019 RMB'000	2018 RMB'000
CURRENT LIABILITIES			
Trade and other payables	32	**43,453,333**	29,285,142
Contract liabilities	33	**76,324,981**	66,266,875
Amounts due to related parties	51(ii)	**28,653,456**	26,728,482
Income taxes payable		**10,473,519**	7,690,830
Other taxes payable		**8,420,517**	1,984,054
Lease liabilities		**27,397**	–
Bank and other borrowings	34	**13,950,984**	13,482,996
Senior notes	35	**7,712,382**	–
Corporate debt instruments	36	**11,643,848**	3,998,222
Receipts under securitisation arrangements	37	**1,633,966**	–
		202,294,383	149,436,601
Liabilities associated with assets classified as held for sale	31	**70,409**	–
		202,364,792	149,436,601
NET CURRENT ASSETS		**98,363,097**	97,980,146
TOTAL ASSETS LESS CURRENT LIABILITIES		**134,727,326**	130,326,143
NON-CURRENT LIABILITIES			
Bank and other borrowings	34	**45,642,189**	36,158,356
Senior notes	35	**–**	3,355,113
Corporate debt instruments	36	**14,993,416**	22,868,377
Receipts under securitisation arrangements	37	**–**	1,595,196
Lease liabilities		**89,038**	–
Deferred tax liabilities	24	**4,847,211**	6,230,261
		65,571,854	70,207,303
		69,155,472	60,118,840

As at 31 December 2019

	NOTES	2019 RMB'000	2018 RMB'000
CAPITAL AND RESERVES			
Share capital	38	**209,694**	209,501
Reserves		**27,434,904**	27,364,909
Equity attributable to owners of the Company		**27,644,598**	27,574,410
Perpetual securities	39	**21,229,002**	15,408,315
Non-controlling interests		**20,281,872**	17,136,115
		69,155,472	60,118,840

The consolidated financial statements on page 117 to 282 were approved and authorised for issue by the Board of Directors on 20 March 2020 and are signed on its behalf by:

ZHANG Yadong	**GENG Zhongqiang**
DIRECTOR	*DIRECTOR*

Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

	Attributable to owners of the Company											
	Share capital RMB'000	Treasury Shares RMB'000	Share premium RMB'000	Special reserve RMB'000 (i)	Statutory reserve RMB'000 (ii)	Share-based payments reserve RMB'000	Investments revaluation reserve RMB '000	Retained earnings RMB'000	Subtotal RMB'000	Perpetual securities RMB'000	Non-controlling Interests RMB'000	Total RMB'000
At 1 January 2018	209,240	–	8,553,855	(1,586,918)	1,917,456	212,341	509,967	17,730,998	27,546,939	8,603,949	12,277,858	48,428,746
Profit for the year	–	–	–	–	–	–	–	1,003,285	1,003,285	–	1,371,945	2,375,230
Other comprehensive income for the year	–	–	–	–	–	–	178,192	–	178,192	–	–	178,192
Total comprehensive income for the year	–	–	–	–	–	–	178,192	1,003,285	1,181,477	–	1,371,945	2,553,422
Dividends recognised as distributions (note 14)	–	–	–	–	–	–	–	(433,536)	(433,536)	–	–	(433,536)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(876,230)	(876,230)
Transfer (ii)	–	–	–	–	28,658	–	–	(28,658)	–	–	–	–
Recognition of equity-settled share-based payments	–	–	–	–	–	134,466	–	–	134,466	–	–	134,466
Exercise of share options	261	–	11,530	–	–	(3,512)	–	–	8,279	–	–	8,279
Issue of perpetual securities	–	–	–	–	–	–	–	–	–	6,804,366	–	6,804,366
Distribution relating to perpetual securities	–	–	–	–	–	–	–	(592,206)	(592,206)	–	–	(592,206)
Acquisition of subsidiaries (note 40)	–	–	–	–	–	–	–	–	–	–	1,252,070	1,252,070
Purchase of additional interest in subsidiaries	–	–	–	(260,656)	–	–	–	–	(260,656)	–	(488,298)	(748,954)
Partial disposal of interest in subsidiaries	–	–	–	29,302	–	–	–	–	29,302	–	641,437	670,739
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	–	(18,650)	(18,650)
Liquidation of subsidiaries	–	–	–	–	–	–	–	(39,655)	(39,655)	–	(141,538)	(181,193)
Capital contribution from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	–	3,117,521	3,117,521
At 31 December 2018	209,501	–	8,565,385	(1,818,272)	1,946,114	343,295	688,159	17,640,228	27,574,410	15,408,315	17,136,115	60,118,840
Profit for the year	-	-	-	-	-	-	-	2,480,232	2,480,232	-	1,455,190	3,935,422
Other comprehensive income for the year	-	-	-	-	-	-	256,752	-	256,752	-	-	256,752
Total comprehensive income for the year	-	-	-	-	-	-	256,752	2,480,232	2,736,984	-	1,455,190	4,192,174
Dividends recognised as distributions (note 14)	-	-	-	-	-	-	-	(499,312)	(499,312)	-	-	(499,312)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-		-	-	(745,375)	(745,375)
Transfer (ii)	-	-	-	-	251,353	-	-	(251,353)	-	-	-	-
Issue of perpetual securities	-	-	-	-	-	-	-	-	-	10,924,228	-	10,924,228
Redemption of perpetual securities	-	-	-	-	-	-	-	-	-	(6,082,347)	-	(6,082,347)
Transfer on redemption of perpetual securities	-	-	-	-	-	-	-	(475,581)	(475,581)	475,581	-	-
Recognition of share award	-	-	-	-	-	15,760	-	-	15,760	-	-	15,760
Recognition of equity-settled share-based payments	-	-	-	-	-	42,763	-	-	42,763	-	-	42,763
Exercise of share options	193	-	12,713	-	-	(3,775)	-	-	9,131	-	-	9,131
Interest in perpetual securities recognised as distribution	-	-	-	-	-	-	-	(1,638,650)	(1,638,650)	1,638,650	-	-
Interest in perpetual securities paid	-	-	-	-	-	-	-	-	-	(1,135,425)	-	(1,135,425)
Acquisition of subsidiaries (note 40)	-	-	-	-	-	-	-	-	-	-	594,996	594,996
Purchase of additional interest in subsidiaries	-	-	-	(119,403)	-	-	-	-	(119,403)	-	(121,552)	(240,955)
Partial disposal of interest in subsidiaries	-	-	-	36,348	-	-	-	-	36,348	-	(209)	36,139
Disposal of subsidiaries (note 41)	-	-	-	-	-	-	-	-	-	-	(291,561)	(291,561)
Liquidation of subsidiaries	-	-	-	-	-	-	-	-	-	-	(97,456)	(97,456)
Shares repurchased (note 44)	-	(37,852)	-	-	-	-	-	-	(37,852)	-	-	(37,852)
Capital contribution from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	2,351,724	2,351,724
At 31 December 2019	209,694	(37,852)	8,578,098	(1,901,327)	2,197,467	398,043	944,911	17,255,564	27,644,598	21,229,002	20,281,872	69,155,472

Notes:

(i) Special reserve mainly represents changes in equity attributable to owners' of the Company risen from partial acquisition or disposal of subsidiaries. The changes are calculated based on the difference between the amount by which non-controlling interests are adjusted and the fair value of the consideration paid or received for the partial acquisition or disposal.

(ii) The statutory reserve is non-distributable and the transfer to this reserve is determined by the board of directors of the relevant companies in accordance with the relevant laws and regulations of the People's Republic of China (the "PRC"). This reserve can be used to offset accumulated losses and increase capital upon approval from the relevant authorities.

Consolidated Statement of Cash Flows

For the year ended 31 December 2019

	2019 RMB'000	2018 RMB'000
OPERATING ACTIVITIES		
Profit before taxation	**9,953,126**	7,903,972
Adjustments for:		
Share of results of associates	**(1,002,893)**	(325,582)
Share of results of joint ventures	**75,951**	(174,515)
Depreciation and amortisation	**608,670**	471,451
Impairment losses under expected credit loss model, net of reversal	**796,887**	1,282,734
Impairment losses on non-financial assets, net of reversal	**579,195**	452,100
Interest income	**(1,687,971)**	(1,530,440)
Default penalty income	**(463,885)**	–
Dividends from equity instruments at fair value through other comprehensive income	**(105,179)**	(70,807)
Finance costs	**1,570,860**	1,551,663
Net foreign exchange losses	**268,181**	487,841
Net loss on disposal of property, plant and equipment	**16,587**	21,040
Loss (gain) from changes in fair value of investment properties	**41,866**	(132,128)
Share-based payment expense	**58,523**	134,466
Net gain on disposal of subsidiaries	**(98,269)**	(509,040)
Gain on acquisition of associates at discount	**(243,918)**	–
(Gain) loss on disposal of associates	**(478)**	1,069
Gain on re-measurement of an associate and joint ventures to acquisition date fair value in business combination achieved in stages	**(43,487)**	(686,352)
Operating cash flows before movements in working capital	**10,323,766**	8,877,472
(Increase) decrease in properties for development	**(10,354,326)**	7,390,680
Increase in properties under development	**(26,478,929)**	(35,088,238)
(Increase) decrease in completed properties for sale	**(1,656,041)**	9,740,223
(Increase) decrease in inventories	**(186,347)**	40,462
Increase in trade and other receivables, deposits and prepayments	**(2,887,852)**	(179,225)
Increase in contract assets and contract costs	**(1,029,653)**	(687,868)
Increase in prepaid other taxes	**(654,965)**	(792,014)
Increase in rental paid in advance	**–**	(7,372)
Decrease in pre-sale deposits	**–**	(71,532,056)
Increase in contract liabilities	**12,084,220**	66,266,876
Increase in trade and other payables	**12,447,028**	3,991,039
Increase in other taxes payable	**6,445,875**	750,486
Cash used in operations	**(1,947,224)**	(11,229,535)
Income taxes paid	**(6,228,881)**	(5,326,186)
NET CASH USED IN OPERATING ACTIVITIES	**(8,176,105)**	(16,555,721)

For the year ended 31 December 2019

	NOTES	2019 RMB'000	2018 RMB'000
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(562,462)**	(1,541,103)
Proceeds from disposal of property, plant and equipment		**19,564**	20,315
Purchase of investment property		**(78,290)**	(879,583)
Proceeds from disposal of investment property		**69,734**	–
Increase in prepaid lease payment		**–**	(170,866)
Investments in associates		**(2,374,638)**	(1,223,380)
Investments in joint ventures		**(2,084,205)**	(279,927)
Disinvestment in associates		**262,949**	157,000
Disinvestment in joint ventures		**30,000**	185,000
Dividends received from associates and joint ventures		**631,354**	1,443,376
Purchase of equity instruments at fair value through other comprehensive income		**(3,498)**	(64,702)
Dividends received from equity instruments at fair value through other comprehensive income		**105,179**	70,807
Consideration received for disposal of subsidiaries and an associate recognised in prior year		**92,000**	861,154
Consideration paid for acquisition of subsidiaries recognised in prior year		**(200,000)**	–
Acquisition of subsidiaries which constitute business (net of cash and cash equivalents acquired)	40	**(841,617)**	449,467
Disposal of subsidiaries (net of cash and cash equivalents disposed of)	41	**(1,664,085)**	(359,670)
Decrease (increase) in deposit paid for acquisition of an associate		**2,718,000**	(2,718,000)
Acquisition of associates and joint ventures		**(1,195,767)**	–
Proceeds from disposal of interests in associates		**6,366**	65,493
(Advance to) repayment from third parties		**(1,978,620)**	905,248
Advance to related parties		**(29,527,205)**	(29,113,709)
Repayment from related parties		**14,106,535**	15,146,206
(Increase) decrease in pledged bank deposits		**(454,930)**	1,035,507
Interest received		**1,897,451**	1,654,101
NET CASH USED IN INVESTING ACTIVITIES		**(21,026,185)**	(14,357,266)

For the year ended 31 December 2019

	2019 RMB'000	2018 RMB'000
FINANCING ACTIVITIES		
Bank and other borrowings raised	**38,930,123**	46,526,172
Repayment of bank and other borrowings	**(24,671,069)**	(32,444,333)
Repayments of leases liabilities	**(102,079)**	–
Interest paid	**(6,146,852)**	(4,965,174)
Advance from third parties	**4,610,226**	–
Advance from borrowings from related parties	**15,123,323**	33,661,370
Repayment to borrowings from related parties	**(3,023,509)**	(17,533,587)
Contribution by non-controlling shareholders of subsidiaries	**2,351,724**	3,117,521
Dividends paid to owners of the Company	**(499,312)**	(433,536)
Dividends paid to non-controlling interests	**(745,375)**	(876,230)
Repayment of non-controlling shareholders capital contribution upon liquidation of subsidiaries	**(97,456)**	(181,193)
Proceeds from issue of perpetual securities	**10,924,228**	6,804,366
Repayment of perpetual securities	**(6,082,347)**	–
Distribution relating to perpetual securities	**(1,135,425)**	(592,206)
Proceeds from issue of senior notes	**4,187,275**	–
Proceeds from issue of corporate debt instruments	**2,984,188**	13,094,505
Repayment of corporate debt instruments	**(4,000,000)**	(2,064,377)
Proceeds from exercise of share options	**9,131**	8,279
Payment on repurchase of shares	**(37,852)**	–
Purchase of additional interests in subsidiaries	**(240,955)**	(748,954)
Proceeds from partial disposal of subsidiaries	**36,139**	670,739
NET CASH FROM FINANCING ACTIVITIES	**32,374,126**	44,043,362
NET INCREASE IN CASH AND CASH EQUIVALENTS	**3,171,836**	13,130,375
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	**43,347,301**	30,070,092
Effects of exchange rate changes on the balance of cash held in foreign currencies	**48,592**	146,834
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	**46,567,729**	43,347,301
REPRESENTED BY BANK BALANCES AND CASH	**46,567,729**	43,347,301

1. General

Greentown China Holdings Limited (the "Company") was incorporated in the Cayman Islands on 31 August 2005 as an exempted company with limited liability under the Companies Law (2004 Revision) and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 13 July 2006. The address of the registered office of the Company is disclosed in the section headed "Corporate Information" of the annual report.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

The Company is an investment holding company. The principal activity of its subsidiaries (together with the Company referred to as the "Group") is the development for sale of residential properties in the PRC.

2. Application of New and Amendments to International Financial Reporting Standards ("IFRSs")

New and Amendments to IFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to IFRSs issued by the International Accounting Standards Board ("IASB") for the first time in the current year:

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

Except as described below, the application of the new and amendments to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. Application of New and Amendments to International Financial Reporting Standards ("IFRSs") (continued)

Impacts and changes in accounting policies of application on IFRS 16 Leases

The Group has applied IFRS 16 for the first time in the current year. IFRS 16 superseded IAS 17 Leases ("IAS 17") and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied IFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

As 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying IFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated.

When applying the modified retrospective approach under IFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under IAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. relied on the assessment of whether leases are onerous by applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets as an alternative of impairment review;

ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

iv. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of office buildings in the PRC was determined on a portfolio basis; and

v. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

2. Application of New and Amendments to International Financial Reporting Standards ("IFRSs") (continued)

Impacts and changes in accounting policies of application on IFRS 16 Leases (continued)

As a lessee (continued)

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 5.4%.

	At 1 January 2019 RMB'000
Operating lease commitments disclosed as at 31 December 2018	222,828
Less: Recognition exemption – short-term leases	(38,385)
Eliminating the impact of value added taxes	(16,735)
Lease liabilities discounted at relevant incremental borrowing rates	(18,411)
Lease liabilities as at 1 January 2019	149,297
Analysed as:	
Current	56,717
Non-current	92,580
	149,297

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	Right-of-use assets RMB'000
Right-of-use assets recognised upon application of IFRS 16	149,297
Reclassified from rental paid in advance	18,332
Reclassified from prepaid lease payments	896,967
Reclassified from prepaid lease payments included in trade and other receivables, deposits and prepayments	26,154
Total	1,090,750
By class:	
Leasehold lands	923,121
Buildings	167,629
	1,090,750

Effective from 1 January 2019, leasehold lands which were classified as properties for/under development/completed properties for sale are measured under IFRS 16 at cost less any accumulated depreciation and any impairment losses.

2. Application of New and Amendments to International Financial Reporting Standards ("IFRSs") (continued)

Impacts and changes in accounting policies of application on IFRS 16 Leases (continued)

As a lessor

In accordance with the transitional provisions in IFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with IFRS 16 from the date of initial application and comparative information has not been restated.

No impact of transition to IFRS 16 on retained earnings at 1 January 2019.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018 RMB'000	Adjustments RMB'000	**Carrying amounts under IFRS 16 at 1 January 2019 RMB'000**
Non-current Assets			
Prepaid lease payments	896,967	(896,967)	**–**
Right-of-use assets	–	1,090,750	**1,090,750**
Rental paid in advance	18,332	(18,332)	**–**
Current Assets			
Trade and other receivables, deposits and prepayments	6,253,199	(26,154)	**6,227,045**
Current Liabilities			
Lease liabilities	–	56,717	**56,717**
Non-current liabilities			
Lease liabilities	–	92,580	**92,580**

For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 December 2019, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 January 2019 as disclosed above.

2. Application of New and Amendments to International Financial Reporting Standards ("IFRSs") (continued)

New and amendments to IFRSs in issue but not yet effective:

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17	Insurance Contracts[1]
Amendments to IFRS 3	Definition of a Business[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[5]
Amendments to IAS 1 and IAS 8	Definition of Material[4]
Amendments to IAS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform[4]

1 Effective for annual periods beginning on or after 1 January 2021.

2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

3 Effective for annual periods beginning on or after a date to be determined.

4 Effective for annual periods beginning on or after 1 January 2020.

5 Effective for annual periods beginning on or after 1 January 2022.

2. Application of New and Amendments to International Financial Reporting Standards ("IFRSs") (continued)

New and amendments to IFRSs in issue but not yet effective: (continued)

In addition to the above new and amendments to IFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, *the Amendments to References to the Conceptual Framework in IFRS Standards*, will be effective for annual periods beginning on or after 1 January 2020.

Except for the new and amendments to IFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to IFRS 3 Definition of a Business

The amendments:

- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis;

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; and

- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted. The optional concentration test and the amended definition of a business are not expected to have a significant impact to the Group.

3. Principal Accounting Policies

The consolidated financial statements have been prepared in accordance with IFRSs. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance ("CO").

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and investment properties which are measured at fair values, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3. Principal Accounting Policies (continued)

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IFRS 16 (since 1 January 2019) or IAS 17 *Leases* (before application of IFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

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.

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

3. Principal Accounting Policies (continued)

Basis of consolidation (continued)

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 listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

3. Principal Accounting Policies (continued)

Basis of consolidation (continued)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 *Financial Instruments* ("IFRS 9") or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred 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. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below);
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard; and
- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

3. Principal Accounting Policies (continued)

Business combinations (continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income ("OCI") and measured under IFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Acquisition of a subsidiary or a group of assets and liabilities not constituting a business

When the Group acquires a subsidiary or a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to investment properties which are subsequently measured under fair value model and financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

3. Principal Accounting Policies (continued)

Goodwill (continued)

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit, the amount of goodwill disposed of is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

The Group's policy for goodwill arising on the acquisition of an associate and a joint venture is described below.

Investments in associates and joint ventures

An associate is an entity over which the Group has 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 joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate or joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

3. Principal Accounting Policies (continued)

Investments in associates and joint ventures (continued)

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, its accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in OCI in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in OCI by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal or partial disposal of the relevant associate or joint venture.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in OCI relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

3. Principal Accounting Policies (continued)

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell, except for financial assets within the scope of IFRS 9 and investment properties which continue to be measured in accordance with the accounting policies as set out in respective sections.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- 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 customer obtains control of the distinct good or service.

3. Principal Accounting Policies (continued)

Revenue from contracts with customers (continued)

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

Variable consideration

For project management contracts that contain variable consideration based on the future pre-sales amount of the project (such as commission and share of profit for management service contracts), the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

3. Principal Accounting Policies (continued)

Non-current assets held for sale (continued)

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

For advance payments received from customers before the transfer of the associated goods or services in which the Group adjusts for the promised amount of consideration for a significant financing component, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The relevant interest expenses during the period between the advance payments were received and the transfer of the associated goods and services are accounted for on the same basis as other borrowing costs.

For contracts where the Group transferred the associated goods or services before payments from customers in which the Group adjusts for the promised amount of consideration for significant financing components, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The Group recognises interest income during the period between the transfer of the associated goods or services and the payment from customers.

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises sales commissions for property sales as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to selling expenses on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate.

Leases

Definition of a lease (upon application of IFRS 16 in accordance with transitions in note 2)

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.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

3. Principal Accounting Policies (continued)

Leases (continued)

The Group as a lessee (upon application of IFRS 16 in accordance with transitions in note 2)

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to 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 lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities.

For the year ended 31 December 2019

3. Principal Accounting Policies (continued)

Leases (continued)

The Group as a lessee (upon application of IFRS 16 in accordance with transitions in note 2) (continued)

Right-of-use assets (continued)

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property or inventory as a separate line item on the consolidated statement of financial position. The right-of-use assets that meet the definition of investment property and inventory are presented within "investment properties" and "properties for development"/"properties under development"/"properties for sale"/"other (to specify)" respectively.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

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;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

3. Principal Accounting Policies (continued)

Leases (continued)

The Group as a lessee (upon application of IFRS 16 in accordance with transitions in note 2) (continued)

Lease liabilities (continued)

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period on which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

3. Principal Accounting Policies (continued)

Leases (continued)

The Group as a lessee (upon application of IFRS 16 in accordance with transitions in note 2) (continued)

Lease modifications (continued)

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

The Group as lessee (prior to 1 January 2019)

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

The Group as a lessor (upon application of IFRS 16 in accordance with transitions in note 2)

Allocation of consideration to components of a contract

Effective on 1 January 2019, the Group applies IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15") to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

3. Principal Accounting Policies (continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. For properties under development for which revenue is recognised over time, the Group ceases to capitalise borrowing costs as soon as the properties are ready for the Group's intended sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

The Group participates in state-managed retirement benefit schemes, which are defined contribution schemes, pursuant to which the Group pays a fixed percentage of its qualifying staff's wages as contributions to the plans. Payments to such retirement benefit schemes are charged as an expense when employees have rendered service entitling them to the contributions.

3. Principal Accounting Policies (continued)

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees in respect of wages and salaries and annual leave in the period the related service is rendered at the undiscounted amount of the amount of benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before taxation" as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

3. Principal Accounting Policies (continued)

Taxation (continued)

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities. For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 Income Taxes requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in OCI or directly in equity, in which case the current and deferred tax is also recognised in OCI or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment, are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less accumulated depreciation and accumulated impairment losses, if any.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

3. Principal Accounting Policies (continued)

Property, plant and equipment (continued)

Ownership interests in leasehold land and building

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" (upon application of IFRS 16) or "prepaid lease payments" (before application of IFRS 16) in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year in which the item is derecognised.

3. Principal Accounting Policies (continued)

Impairment on property, plant and equipment, right-of-use assets and contract costs other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and contract costs to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In addition, corporates assets are allocated to individual cash generating units when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, the recoverable amount is determined for the cash-generating unit or group of cash-generating unites to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Before the Group recognises an impairment loss for assets capitalised as contract costs under IFRS 15, the Group assesses and recognises any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalised as contract costs is recognised to the extent the carrying amounts exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognised as expenses. The assets capitalised as contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash – generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash – generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised as gain immediately.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Properties for/under development/completed properties for sale

Properties for/under development which are intended to be sold upon completion of development and completed properties for sale are classified as current assets. Except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right-of-use assets upon the application of IFRS 16, properties for/under development/completed properties for sale are carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis including allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalised. Net realisable value for properties for/under development is determined by reference to estimated selling price in the ordinary course of business less estimated cost to completion and the estimated costs necessary to make the sales. Net realisable value for completed properties for sale is determined by reference to estimated selling price in the ordinary course of business less estimated costs necessary to make the sales.

Properties for development are transferred to properties under development upon commencement of development. Properties under development are transferred to completed properties for sale upon completion of development.

The Group transfers a property from properties under development to investment property when there is a change in use to hold the property to earn rentals or/and for capital appreciation rather than for sale in the ordinary course of business, which is evidenced by the inception of an operating lease to another party. Any difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss.

Inventories

Inventories other than properties for development, properties under development and completed properties for sale are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

3. Principal Accounting Policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at financial assets at FVTPL, except that at the date of initial application of IFRS 9/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in OCI if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations applies*.

3. Principal Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the investments revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

3. Principal Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets and other items subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables, other receivables, amounts due from related parties, pledged bank deposits, bank balances), contract assets and financial guarantee contracts which are subject to impairment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and contract assets. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

3. Principal Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, 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. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

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

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

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

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers pledged bank deposits and bank balances to have low credit risk because the counterparties are banks with high credit ratings assigned by international credit-rating agencies or with a good reputation.

3. Principal Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

3. Principal Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the expected losses is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade receivables, other receivables and amounts due from related parties are each assessed as a separate group);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

3. Principal Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(v) Measurement and recognition of ECL (continued)

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with IFRS 9; and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

Except for financial guarantee contracts, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI upon application of IFRS 9, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

3. Principal Accounting Policies (continued)

Financial instruments (continued)

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including bank and other borrowings, trade and other payables, amounts due to related parties, liability portion of senior notes, corporate debt instruments and receipts under securitisation arrangements are subsequently measured at amortised cost, using the effective interest method.

Senior notes

Senior notes issued by the Company that contain both liability and early redemption option (which is not closely related to the host contract) are classified separately into respective items on initial recognition. At the date of issue, both the liability and early redemption option components are recognised at fair value.

In subsequent periods, the liability component of the senior notes is carried at amortised cost using the effective interest method. The early redemption option is measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the senior notes are allocated to the liability and early redemption option components in proportion to their relative fair values. Transaction costs relating to the early redemption option are charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the senior notes using the effective interest method.

3. Principal Accounting Policies (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Corporate bonds

Corporate bonds issued by a subsidiary of the Group that contain both liability and written put option (which is closely related to the host contract) are not separated from host contract and embedded derivatives on initial recognition. At the date of issue, the corporate bonds are recognised at fair value.

In subsequent periods, the corporate bonds are carried at amortised cost using the effective interest method.

Transaction costs that relate to the issue of the corporate bonds are included in the carrying amount of the corporate bonds and amortised over the period of the corporate bonds using the effective interest method.

Receipts under securitisation arrangements

Receipts under securitisation arrangements are recognised initially at fair value, net of transaction costs incurred and are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period using the effective interest method.

Transaction costs are included in the carrying amount of the receipts under assets backed securitization and amortised over the period of the arrangements using the effective interest method.

Perpetual Securities

Perpetual Securities issued by the Group, which includes no contractual obligation for the Group to deliver cash or another financial asset to the holders or to exchange financial assets or financial liabilities with the holders under conditions that are potentially unfavorable to the Group, are classified as equity instruments and are initially recorded at the proceeds received, net of direct issue costs.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. Principal Accounting Policies (continued)

Financial instruments (continued)

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.

Share-based payment transactions

Equity-settled share-based payment transactions

Shares/share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve. For shares/share options that vest immediately at the date of grant, the fair value of the shares/share options granted is expensed immediately to profit or loss.

At the time when the shares/share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to share premium. When the shares/share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will continue to be held in share-based payments reserve.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Critical judgements in applying accounting policies

The critical judgements, apart from those involving estimations (see below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements are disclosed below.

Timing of revenue recognition

Revenue from property sales 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 customer 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 apply to the contract. Such determination requires significant judgments. The Group has obtained legal counsel opinion regarding the enforceability of the right to payment for sales contracts. Management uses judgments, based on legal counsel opinion, to classify sales contracts into those with right to payment and those without the right.

The Group recognises property sales 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 inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each property unit in the contract. The Group calculated the cost allocation based on phases of the projects and saleable floor areas. Significant judgments and estimations are required in determining the completeness of the estimated total costs and the accuracy of progress towards complete satisfaction of the performance obligation at the reporting date. The Group has a standard 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 occurred and accrued to achieve the schedule. Changes in cost estimates in future periods can have effect on the Group's revenue recognised. In making the above estimations, the Group relies on past experience and work of contractors and, if appropriate, surveyors. The Group recognised property sales revenue over time and a point in time amounted to RMB15,602,151,000 and RMB38,830,713,000 respectively for the year ended 31 December 2019 (for the year ended 31 December 2018: RMB9,337,145,000 and RMB45,937,061,000 respectively)

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolio and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has recognised deferred taxes of both enterprise income tax and land appreciation tax on changes in fair value of investment properties.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

Key sources of 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 disclosed below.

Net realisable value for properties under development and completed properties for sale

Properties under development and completed properties remaining unsold at the end of each reporting period are stated at the lower of cost and net realisable value.

Net realisable value for properties under development is determined by reference to estimated selling price in the ordinary course of business less estimated costs to completion and the estimated costs necessary to make the sales. Net realisable value for completed properties for sale is determined by reference to estimated selling price in the ordinary course of business less the estimated costs necessary to make the sales. During the course of their assessment, the management will also make reference to property valuations conducted by independent qualified professional valuers based on comparable market prices. The management are required to revise these estimates if there is a change in market condition or demand. If actual market conditions are less favourable than those projected by management, additional adjustments to the value of properties for development, properties under development and completed properties for sale may be required. As at 31 December 2019, the carrying amounts of properties for development, properties under development and completed properties for sale are RMB30,907,247,000 (2018: RMB22,842,799,000), RMB136,615,966,000 (2018: RMB117,876,867,000) and RMB12,167,498,000 (2018: RMB10,972,736,000) respectively (net of accumulated provision of RMB56,454,000 (2018: RMB56,454,000), RMB184,805,000 (2018: RMB270,351,000) and RMB671,735,000 (2018: RMB379,741,000) respectively).

Fair value of investment properties

Investment properties are carried in the consolidated statement of financial position at 31 December 2019 at their fair value of approximately RMB4,032,818,000 (2018: RMB4,066,128,000).

The fair value was based on valuation on these properties conducted by the independent qualified professional valuers using property valuation techniques which adopt the income approach by capitalising the net rental income derived from the existing tenancies with due provision for the reversionary income potential of the property interests, or where appropriate, by market approach by making reference to comparable sales transactions as available in the relevant markets. Assumptions such as rental yield and estimation of future rentals would affect the fair value of the Group’s investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

Key sources of estimation uncertainty (continued)

Land Appreciation Tax

The provision for Land Appreciation Tax ("LAT") amounting to RMB7,819,209,000 (2018: RMB5,520,141,000) (included in income taxes payable) is estimated and made according to 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 completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated. Accordingly, significant judgment is required in determining the amount of land appreciation and its related income tax provisions. The Group recognises land appreciation tax based on management's best estimates. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and the related income tax provisions in the periods in which such tax is finalised with the local tax authorities.

ECL allowance

The Group recognises a loss allowance for ECL on financial assets,including trade receivables, other receivables, amount due from related parties, pledged bank deposits, bank balances, contract assets and financial guarantee contracts, which are subject to impairment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition. Significant judgements and estimations are required in determining the impairment assessment including the judgements on grouping basis for the provision matrix and the estimations on the expected loss rates used to calculate the ECL allowance. As at 31 December 2019, the carrying amount of trade receivables, contract assets, and other receivables and amounts due from related parties are RMB1,065,646,000, RMB2,815,007,000 and RMB53,299,898,000 respectively (2018: RMB878,236,000, RMB1,887,085,000 and RMB35,797,417,000 respectively) (net of accumulated ECL impairment loss of RMB75,566,000, RMB17,316,000 and RMB3,395,847,000 respectively (2018: RMB101,266,000, RMB nil, and RMB2,593,247,000 respectively)). Details of the determination of ECL allowance and set out in note 49(b).

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the discounted future cash flow estimations are less than expected, a material impairment loss may arise. The carrying amount of goodwill at 31 December 2019 was RMB769,241,000 (2018: RMB769,241,000) (net of accumulated impairment loss of RMB nil (2018: RMB nil)). Details of the impairment loss calculation are set out in note 20.

Coupon rate of the corporate bonds

The corporate bonds amounting to RMB13,463,506,000 (2018: RMB11,098,976,000) contain coupon rate adjustment right that allow the issuer of the corporate bonds to adjust the coupon rates of the remaining outstanding bonds under certain terms and conditions. The corporate bonds also contain written put options granting the investors of the corporate bonds right to sell back the bonds that will be triggered with the exercise of the Coupon Rate Adjustment Right. As at the reporting date of the consolidated financial statements, the Group had no plan nor intention to exercise the Coupon Rate Adjustment Right of the corporate bonds, therefore the effective interest rate charged for the year on the corporate bonds was calculated according to the original coupon rates and maturity dates of the corporate bonds. If the Group decided to exercise the Coupon Rate Adjustment Right of the corporate bonds, the effective interest rate would be different because the coupon rates of any remaining outstanding corporate bonds would be adjusted and the corporate bonds would become immediately repayable. Details of the corporate bonds are set out in note 36.

For the year ended 31 December 2019

5. Revenue and Segment Information

(i) Disaggregation of revenue from contracts with customers

	For the year ended 31 December 2019						
	Property sales RMB'000	Hotel operations RMB'000	Project management RMB'000	Design and decoration RMB'000	Sales of construction materials RMB'000	Other business RMB'000	Total RMB'000
Recognised at a point in time	38,830,713	–	–	–	106,511	1,366,003	40,303,227
Recognised over time	15,602,151	878,271	1,828,968	2,815,922	–	–	21,125,312
Revenue from contracts with customers	54,432,864	878,271	1,828,968	2,815,922	106,511	1,366,003	61,428,539

	For the year ended 31 December 2018						
	Property sales RMB'000	Hotel operations RMB'000	Project management RMB'000	Design and decoration RMB'000	Sales of construction materials RMB'000	Other business RMB'000	Total RMB'000
Recognised at a point in time	45,937,061	–	–	–	29,127	247,044	46,213,232
Recognised over time	9,337,145	776,452	1,366,485	2,523,700	–	–	14,003,782
Revenue from contracts with customers	55,274,206	776,452	1,366,485	2,523,700	29,127	247,044	60,217,014

(ii) Performance obligations for contracts with customers

Property sales

Revenue from property sales is recognised at a point in time in the ordinary course of business when the customers obtain control of the completed properties (ie. when the respective properties have been completed and delivered to the customers) except for revenue from certain properties which have no alternative use to the Group due to contractual reasons and the Group has an enforceable right to payment from the customer for performance completed to date is recognised over time in accordance with the input method for measuring progress.

The Group receives 20%-80% of the contract value as deposits from customers when they sign the sale and purchase agreement. However, depending on market conditions, the Group may offer customers a discount compared to the listed sales price, provided that the customers agree to pay the balance of the consideration early while construction is still ongoing. Such advance payment result in contract liabilities being recognised until the corresponding revenue is recognised.

The Group considers certain advance payment contain significant financing component and accordingly the amount of consideration is adjusted for the effects of the time value of money taking into consideration the credit characteristics of the Group. As this accrual increases the amount of the contract liability during the period of construction, it increases the amount of revenue recognised.

5. Revenue and Segment Information (continued)

(ii) Performance obligations for contracts with customers (continued)

Design and decoration service and project management service

Revenue from design and decoration service and project management service is recognised over time on input method based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs.

The design and decoration service and project management service fees are invoiced to the clients periodically on an agreed-upon payment schedule and/or milestone between the customers and the Group. The Group recognised a contract asset over the period in which the design and decoration service and project management service are performed representing the Group's right to consideration for the services performed because the rights are conditional on the Group's future performance in achieving specified milestones. Contract asset is transferred to trade receivables at the point at which the rights become unconditional. Payments received before the related service is performed are included in the consolidated statement of financial position as contract liabilities.

For project management contracts that contain variable consideration based on the future pre-sales amount of the project, the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The Group does not consider the advance payments pertain to design and decoration service and project management service to have contained significant financing component.

Hotel operations

The Group's performance obligation from hotel operations is mainly to provide accommodation services to guests. Revenue from accommodation service is recognised over time during the period when the rooms for accommodates are occupied.

Sales of construction materials

Revenue from sales of construction materials is recognised when control of the goods has transferred to the customer, being at the point the goods are delivered to the customer. Payment of the transaction price is due immediately at the point the customer accept the materials.

5. Revenue and Segment Information (continued)

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2019 and the expected timing of recognising revenue are as follows:

	Property sales RMB'000	**Project management service RMB'000**
Within one year	**43,790,957**	**1,696,330**
More than one year	**50,066,347**	**9,826,758**
	93,857,304	**11,523,088**

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2018 and the expected timing of recognising revenue are as follows:

	Property sales RMB'000	Project management service RMB'000
Within one year	42,879,582	1,490,714
More than one year	26,671,827	5,450,439
	69,551,409	6,941,153

These amounts disclosed above do not include transaction price allocated to performance obligations which have been satisfied but not yet recognised due to variable consideration constraint.

All design and decoration service, hotel operations and sales of construction materials are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

5. Revenue and Segment Information (continued)

(iv) Segment information

The chief operating decision-maker of the Group has been identified as the executive directors and certain senior management (collectively referred to as the "CODM"). Operating segments are determined based on the Group's internal reports which are submitted to the CODM for performance assessment and resources allocation. This is also the basis upon which the Group is organised and managed.

The Group's consolidated revenue and results are attributable to the market in the PRC (country of domicile) and almost all of the Group's consolidated non-current assets are located in the PRC.

The Group's reportable segments under IFRS 8 are as follows:

1 Property development

2 Hotel operations

3 Property investment

4 Project management

For the property development reportable segment, the CODM reviews the financial information of each property development project, hence each property development project constitutes a separate operating segment. However, the property development projects possess similar economic characteristics, and are with similar development and selling activities as well as similar customer bases. Therefore, all property development projects are aggregated into one reportable segment for segment reporting purposes.

For the hotel operations reportable segment, the CODM reviews the financial information of each hotel, hence each hotel constitutes a separate operating segment. However, the hotels possess similar economic characteristics, and are with similar development and selling activities as well as similar customer bases. Therefore, all hotels are aggregated into one reportable segment for segment reporting purposes.

5. Revenue and Segment Information (continued)

(iv) Segment information (continued)

For the property investment reportable segment, the CODM reviews the financial information of each investment property, hence each investment property constitutes a separate operating segment. However, the investment properties possess similar economic characteristics, and are with similar development and selling activities as well as similar customer bases. Therefore, all investment properties are aggregated into one reportable segment for segment reporting purposes.

For the project management reportable segment, the CODM reviews the financial information of each project management project, hence each project management project constitutes a separate operating segment. However, the project management projects possess similar economic characteristics, and are with similar development and selling activities as well as similar customer bases. Therefore, all project management projects are aggregated into one reportable segment for segment reporting purposes.

Other operating segments include sales of construction materials, design and decoration and other business. None of these segments meet the quantitative thresholds for the reportable segments in both current and prior year. Accordingly, these are grouped in "Others".

The CODM assesses the performance of the operating segments based on the post-tax profit of the group entities engaged in the respective segment activities, which includes share of results of joint ventures and associates and related finance costs, but excludes certain administrative expenses, other income, finance costs and taxation. Financial information provided to the CODM is measured in a manner consistent with the accounting policies adopted in the preparation of the consolidated financial statements as described in note 3.

Sales between segments are carried out on terms agreed between the counterparties.

No customers account for 10% or more of the Group's revenue.

5. Revenue and Segment Information (continued)

(iv) Segment information (continued)

An analysis of the Group's revenue and results by segment is as follows:

	Property development RMB'000	Hotel operations RMB'000	Property investment RMB'000	Project management RMB'000	Others RMB'000	Segment total RMB'000	Eliminations RMB'000	Total RMB'000
For the year ended 31 December 2019								
Revenue from contracts with customers	**54,432,864**	**878,271**	**–**	**1,828,968**	**4,288,436**	**61,428,539**	**–**	**61,428,539**
Rental income	**–**	**–**	**164,400**	**–**	**–**	**164,400**	**–**	**164,400**
Total external segment revenue	**54,432,864**	**878,271**	**164,400**	**1,828,968**	**4,288,436**	**61,592,939**	**–**	**61,592,939**
Inter-segment revenue	**–**	**1,090**	**–**	**240,707**	**1,588,297**	**1,830,094**	**(1,830,094)**	**–**
Total	**54,432,864**	**879,361**	**164,400**	**2,069,675**	**5,876,733**	**63,423,033**	**(1,830,094)**	**61,592,939**
Segment results	**3,697,880**	**40,205**	**100,223**	**381,124**	**12,057**	**4,231,489**	**(1,090)**	**4,230,399**
Unallocated administrative expenses								**(172,241)**
Unallocated other income								**3,052**
Unallocated finance costs								**(10,493)**
Unallocated taxation								**(115,295)**
Profit for the year								**3,935,422**

	Property development RMB'000	Hotel operations RMB'000	Property investment RMB'000	Project management RMB'000	Others RMB'000	Segment total RMB'000	Eliminations RMB'000	Total RMB'000
For the year ended 31 December 2018								
Revenue from contracts with customers	55,274,206	776,452	–	1,366,485	2,799,871	60,217,014	–	60,217,014
Rental income	–	–	85,496	–	–	85,496	–	85,496
Total external segment revenue	55,274,206	776,452	85,496	1,366,485	2,799,871	60,302,510	–	60,302,510
Inter-segment revenue	–	2,045	–	65,892	1,361,254	1,429,191	(1,429,191)	–
Total	55,274,206	778,497	85,496	1,432,377	4,161,125	61,731,701	(1,429,191)	60,302,510
Segment results	2,101,885	98,181	103,613	345,475	45,066	2,694,220	8,041	2,702,261
Unallocated administrative expenses								(264,670)
Unallocated other income								40,591
Unallocated finance costs								(3,780)
Unallocated taxation								(99,172)
Profit for the year								2,375,230

5. Revenue and Segment Information (continued)

(iv) Segment information (continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by segment:

Segment assets

	2019 RMB'000	2018 RMB'000
Property development	**311,117,245**	256,113,218
Hotel operations	**8,922,880**	9,483,752
Property investment	**4,183,051**	4,189,650
Project management	**3,164,715**	2,057,916
Others	**8,225,251**	6,820,664
Total segment assets	**335,613,142**	278,665,200
Unallocated	**1,478,976**	1,097,544
Consolidated assets	**337,092,118**	279,762,744

Segment liabilities

	2019 RMB'000	2018 RMB'000
Property development	**257,604,573**	211,484,567
Hotel operations	**251,621**	292,476
Property investment	**1,077,581**	635,451
Project management	**1,355,663**	1,012,518
Others	**6,733,581**	5,387,529
Total segment liabilities	**267,023,019**	218,812,541
Unallocated	**913,627**	831,363
Consolidated liabilities	**267,936,646**	219,643,904

For the purposes of monitoring segment performances and allocating resources among segments:

- all assets are allocated to operating segments other than certain bank balances and cash, pledge bank deposits, property, plant and equipment, equity instruments at FVTOCI, trade and other receivables, deposits and prepayments, prepaid income taxes, prepaid other taxes and amounts due from related parties pertaining to non-operating group entities.

- all liabilities are allocated to operating segments other than certain trade and other payables, amounts due to related parties, income taxes payable, other taxes payable and deferred tax liabilities pertaining to non-operating group entities.

5. Revenue and Segment Information (continued)

(iv) Segment information (continued)

Other segment information
For the year ended 31 December 2019

	Property development RMB'000	Hotel operations RMB'000	Property investment RMB'000	Project Management RMB'000	Others RMB'000	Segment total RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss or segment assets:								
Addition to non current assets (note)	18,517,576	172,508	92,640	19,418	142,233	18,944,375	80,146	19,024,521
Interests in associates	11,285,655	–	–	55,554	743,698	12,084,907	–	12,084,907
Interests in joint ventures	3,832,241	–	–	37,489	–	3,869,730	–	3,869,730
Impairment loss on financial assets, net of reversal	778,049	–	–	7,775	(7,117)	778,707	18,180	796,887
Impairment loss on non-financial assets, net of reversal	513,551	65,644	–	–	–	579,195	–	579,195
Loss from changes in fair value of investment properties	–	–	25,001	16,865	–	41,866	–	41,866
Gain on re-measurement of an associate and joint ventures to acquisition date fair value in business combination achieved in stages	(43,487)	–	–	–	–	(43,487)	–	(43,487)
Net gain on disposal of subsidiaries	(113,383)	–	–	–	15,130	(98,253)	(16)	(98,269)
Depreciation of property, plant and equipment	185,595	293,107	53	11,548	16,606	506,909	2,877	509,786
Depreciation of right of use assets	43,324	25,173	1,554	3,698	28,028	101,777	2,551	104,328
Loss on disposal of property, plant and equipment	15,297	–	–	793	497	16,587	–	16,587
Interest income	(1,411,641)	(1,791)	(11,158)	(17,100)	(55,074)	(1,496,764)	(191,207)	(1,687,971)
Finance costs	1,468,647	7,895	63,027	1,573	19,225	1,560,367	10,493	1,570,860
Share of results of associates	(1,009,501)	–	–	6,605	–	(1,002,896)	3	(1,002,893)
Share of results of joint ventures	60,569	–	–	15,382	–	75,951	–	75,951
Taxation	5,705,982	3,976	3,685	136,563	52,203	5,902,409	115,295	6,017,704

5. Revenue and Segment Information (continued)

(iv) Segment information (continued)

Other segment information (continued)

For the year ended 31 December 2018

	Property development RMB'000	Hotel operations RMB'000	Property investment RMB'000	Project Management RMB'000	Others RMB'000	Segment total RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss or segment assets:								
Addition to non current assets (note)	3,332,957	1,281,509	1,114,433	144,361	324,316	6,197,576	4,509	6,202,085
Interests in associates	8,364,698	–	–	58,561	488,212	8,911,471	87,085	8,998,556
Interests in joint ventures	1,831,350	–	–	8,438	–	1,839,788	–	1,839,788
Impairment loss on financial assets, net of reversal	1,206,182	–	–	–	15,729	1,221,911	60,823	1,282,734
Impairment loss on non-financial assets, net of reversal	468,875	(16,775)	–	–	–	452,100	–	452,100
Gain from changes in fair value of investment properties	–	–	(132,128)	–	–	(132,128)	–	(132,128)
Gain on re-measurement of joint ventures to acquisition date fair value in business combination achieved in stages	(686,352)	–	–	–	–	(686,352)	–	(686,352)
Net gain on disposal of subsidiaries	(509,194)	–	–	170	–	(509,024)	(16)	(509,040)
Depreciation of property, plant and equipment	171,842	256,174	10	11,336	11,383	450,745	1,360	452,105
Loss (gain) on disposal of property, plant and equipment	(251)	6	–	3,700	17,578	21,033	7	21,040
Interest income	(1,111,022)	(381)	(29)	(6,383)	(6,798)	(1,124,613)	(405,827)	(1,530,440)
Finance costs	1,514,115	6,321	12,846	327	14,274	1,547,883	3,780	1,551,663
Share of results of associates	(327,271)	–	–	1,684	2	(325,585)	3	(325,582)
Share of results of joint ventures	(201,944)	–	–	27,429	–	(174,515)	–	(174,515)
Taxation	5,293,594	4,593	51,601	–	79,782	5,429,570	99,172	5,528,742

Note: Non-current assets mainly included property, plant and equipment, investment properties (excluding gain from changes in fair value of investment properties), right-of-use assets, prepaid lease payment, interests in joint ventures, interests in associates and rental paid in advance and excluded financial instruments, goodwill and deferred tax assets.

6. Other Income

	2019 RMB'000	2018 RMB'000
Interest income	**1,687,971**	1,530,440
Government grants (note)	**69,662**	15,151
Dividends from equity instruments at FVTOCI	**105,179**	70,807
Default penalty income	**463,885**	–
Others	**340,548**	243,873
	2,667,245	1,860,271

Note: These grants are unconditional and accounted for as immediate financial support with neither future related costs expected to be incurred nor related to any assets.

7. Other Gains and Losses

	2019 RMB'000	2018 RMB'000
Net foreign exchange losses	**(268,181)**	(487,841)
Net loss on disposal of property, plant and equipment and right-of-use assets	**(16,587)**	(21,040)
Gain (loss) on disposal of associates	**478**	(1,069)
Gain on acquisition of associates at discount (note)	**243,918**	–
	(40,372)	(509,950)

Note: The gain on acquisition of associates at discount is mainly from the acquisition of Shanghai Xinhu Real Estate Development Co., Ltd. ("Shanghai Xinhu Real Estate"). Details of the transactions are set out in note 21.

8. Finance Costs

	2019 RMB'000	2018 RMB'000
Interest on bank and other borrowings and amounts due to related parties	**4,252,824**	3,803,559
Interest on senior notes (note 35)	**278,068**	240,556
Interest on corporate debt instruments (note 36)	**1,386,900**	1,292,779
Interest on receipts under securitisation arrangements (note 37)	**82,684**	79,768
Interest on leases	**9,006**	–
	6,009,482	5,416,662
Less: Capitalised in properties under development and construction in progress	**(4,438,622)**	(3,864,999)
	1,570,860	1,551,663

Borrowing costs capitalised during the year arose on the specific loan and general borrowing pool and are calculated by applying a capitalisation rate of 5.3% (2018: 5.4%) per annum to expenditure on the development of properties for sale and for own use.

For the year ended 31 December 2019

9. Impairment Losses Under Expected Credit Loss Model, Net of Reversal

	2019 RMB'000	2018 RMB'000
Impairment losses recognised (reversed) on:		
Contract assets	17,316	–
Trade receivables	(23,029)	13,590
Other receivables and amounts due from related parties	802,600	1,269,144
	796,887	1,282,734

10. Impairment Losses on Non-Financial Assets, Net of Reversal

	2019 RMB'000	2018 RMB'000
Impairment losses recognised (reversed) on:		
Properties for development	–	56,454
Properties under development	184,805	270,351
Completed properties for sale	328,746	123,648
Inventories	–	18,422
Property, plant and equipment	65,644	(16,775)
	579,195	452,100

11. Profit Before Taxation

	2019 RMB'000	2018 RMB'000
Profit before taxation has been arrived at after charging (crediting):		
Salaries and other benefits	3,294,935	3,069,591
Retirement benefits scheme contributions	140,068	117,351
Equity-settled share option expenses	58,523	134,466
Staff costs (including directors' emoluments)	3,493,526	3,321,408
Less: Capitalised in properties under development	(855,624)	(860,475)
	2,637,902	2,460,933
Depreciation of property, plant and equipment	509,786	452,105
Less: Capitalised in properties under development	(5,444)	(9,840)
	504,342	442,265
Depreciation of right-of-use assets	104,328	–
Amortisation of prepaid lease payment (included in administrative expenses)	–	29,186
Auditors' remuneration	24,659	19,951
Cost of properties and inventories recognised as an expense	44,957,590	46,128,362

12. Directors', Chief Executive's and Employees' Emoluments

The emoluments paid or payable to each of the 14 (2018: 12) directors and the chief executive of the Company were as follows:

	SONG Weiping[1] RMB'000	ZHANG Yadong[2] RMB'000	LIU Wensheng[3] RMB'000	LI Qing'an[4] RMB'000	LI Yongqian[4] RMB'000	GUO Jiafeng[5] RMB'000	ZHOU Lianying[5] RMB'000	GENG Zhongqiang[5] RMB'000	LI Jun RMB'000	2019 Total RMB'000
Executive directors										
Fees	631	1,200	1,200	631	631	569	569	569	1,200	7,200
Other emoluments:										
Salaries and other benefits	1,999	3,300	3,800	789	789	735	379	379	1,200	13,370
Contributions to retirement benefits/ pension schemes	16	113	116	60	60	45	60	60	116	646
Performance relate incentive payments (note)	2,625	4,500	4,990	1,473	1,473	1,311	953	953	2,000	20,278
Sub-total	5,271	9,113	10,106	2,953	2,953	2,660	1,961	1,961	4,516	41,494

The executive directors' emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group.

	Tin Hoi NG[6] RMB'000
Non-executive director	
Fees	152
Other emoluments:	
Salaries and other benefits	–
Contributions to retirement benefits/pension schemes	–
Performance relate incentive payments (note)	–
Sub-total	152

The non-executive director's emoluments shown above was paid for his services as director of the Company.

	JIA Shenghua RMB'000	SZE Tsai Ping, Michael RMB'000	KE Huanzhang RMB'000	HUI Wan Fai RMB'000	2019 Total RMB'000
Independent non-executive directors					
Fees	320	320	320	320	1,280
Other emoluments:					
Salaries and other benefits	–	–	–	–	–
Contributions to retirement benefits/pension schemes	–	–	–	–	–
Performance relate incentive payments (note)	–	–	–	–	–
Sub-total	320	320	320	320	1,280

12. Directors', Chief Executive's and Employees' Emoluments (continued)

The independent non-executive directors' emoluments shown above were paid for their services as directors of the Company.

	2019 RMB'000
Total	**42,926**

	SONG Weiping RMB'000	LIU Wensheng RMB'000	SHOU Bainian[7] RMB'000	ZHANG Yadong[2] RMB'000	CAO Zhounan[8] RMB'000	LI Qing'an RMB'000	LI Yongqian RMB'000	LI Jun[9] RMB'000	2018 Total RMB'000
Executive directors									
Fees	1,200	1,200	320	500	700	1,200	1,200	880	7,200
Other emoluments:									
Salaries and other benefits	3,800	3,800	–	1,375	1,925	1,500	1,500	880	14,780
Contributions to retirement benefits/pension schemes	105	116	–	47	46	116	116	90	636
Performance relate incentive payments (note)	4,990	4,990	–	1,875	2,625	2,800	2,800	1,467	21,547
Sub-total	10,095	10,106	320	3,797	5,296	5,616	5,616	3,317	44,163

The executive directors' emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group.

	JIA Shenghua RMB'000	SZE Tsai Ping, Michael RMB'000	KE Huanzhang RMB'000	HUI Wan Fai RMB'000	2018 Total RMB'000
Independent non-executive directors					
Fees	320	320	320	320	1,280
Other emoluments:	–	–	–	–	–
Salaries and other benefits	–	–	–	–	–
Contributions to retirement benefits/pension schemes	–	–	–	–	–
Performance relate incentive payments (note)	–	–	–	–	–
Sub-total	320	320	320	320	1,280

The independent non-executive directors' emoluments shown above were paid for their services as directors of the Company.

	2018 RMB'000
Total	45,443

Note: The performance related incentive payments is determined as a percentage of the results of the Group for both years.

12. Directors', Chief Executive's and Employees' Emoluments (continued)

Equity-settled share option and share award recognised as expenses for the directors of the Company were as follows:

	SONG Weiping RMB'000	ZHANG Yadong RMB'000	LIU Wensheng RMB'000	LI Qing'an RMB'000	LI Yongqian RMB'000	GUO Jiafeng RMB'000	ZHOU Lianying RMB'000	GENG Zhongqiang RMB'000	LI Jun RMB'000	2019 Total RMB'000
Executive directors										
Equity-settled share option expense	2,779	8,939	5,167	–	–	–	–	–	2,816	19,701
Share award	225	1,246	1,246	147	147	–	–	–	497	3,508
Total	3,004	10,185	6,413	147	147	–	–	–	3,313	23,209

	SONG Weiping RMB'000	LIU Wensheng RMB'000	SHOU Bainian RMB'000	ZHANG Yadong RMB'000	CAO Zhounan RMB'000	LI Qing'an RMB'000	LI Yongqian RMB'000	LI Jun RMB'000	2018 Total RMB'000
Executive directors									
Equity-settled share option	13,638	12,383	–	3,624	5,748	10,877	9,538	2,628	58,436

Equity-settled share option and share award were due to certain share option schemes and share award scheme disclosed in note 44 and the Group recognised the expense in the profit or loss over the vesting period no matter the equity-settled share option and share award were exercised or not. As at 31 December 2019, no directors of the Company exercised equity-settled share option or share award.

1 Mr. SONG Weiping was resigned as a co-chairman of the Board and an executive director on 11 July 2019.

2 Mr. ZHANG Yadong was appointed as an executive director, a member of the nomination committee and remuneration committee of the Company in place of Mr CAO Zhounan on 1 August 2018. He was appointed as a chairman of the Board on 11 July 2019.

3 Mr. LIU Wensheng was stepped down from his role as a co-chairman of the Board but remained as an executive director and a member of the nomination committee and remuneration committee of the Board on 11 July 2019.

4 Mr LI Qingan and Mr LI Yongqian were resigned as executive directors on 11 July 2019 and have not exercised the share options granted under 2016 Share Option Scheme as defined in note 44.

5 Mr. ZHOU Lianying, Mr. GUO Jiafeng and Mr. GENG Zhongqiang were appointed as executive directors and executive officers of the Company on 11 July 2019.

6 Mr. Tin Hoi NG was appointed as a non-executive director on 11 July 2019.

7 Mr. SHOU Bainian was resigned as an executive director and ceased to be a member of the nomination committee and remuneration committee of the Company on 6 April 2018.

8 Mr. CAO Zhounan was resigned as an executive director and ceased to be a member of the nomination committee of the Company on 1 August 2018 and has not exercised the share options granted under 2016 Share Option Scheme as defined in note 44.

9 Mr. LI Jun was appointed as an executive director on 6 April 2018.

Mr. ZHANG Yadong was appointed as a chief executive officer of the Company in place of Mr. CAO Zhounan on 1 August 2018 and their emoluments disclosed above include those for services rendered by them during their respective tenures as the chief executive officer.

No directors waived any emoluments in both years.

12. Directors', Chief Executive's and Employees' Emoluments (continued)

Of the five individuals with the highest emoluments in the Group, four of them (2018: all) were directors of the Company whose emoluments are included in the disclosure above. The emoluments of the remaining one (2018: nil) individual was as follows:

	2019 RMB'000	2018 RMB'000
Salaries and other benefits	750	–
Contributions to retirement benefits/pension schemes	88	–
Performance related incentive payments	960	–
Equity-settled share option expense	3,677	–
	5,475	–

The individual's emolument was within the following bands:

	2019 No. of employee	2018 No. of employee
HKD6,000,001 to HKD6,500,000	1	–

During the year, no emoluments were paid by the Group to any of the directors of the Company or the five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office (2018: 0).

13. Taxation

	2019 RMB'000	2018 RMB'000
Current tax:		
PRC enterprise income tax ("EIT")	3,287,569	2,373,034
PRC Land Appreciation Tax ("LAT")	5,072,490	4,782,105
	8,360,059	7,155,139
Over-provision in prior years:		
PRC enterprise income tax	(8,562)	(23,492)
Deferred tax:		
EIT	(1,286,079)	(709,860)
LAT	(1,047,714)	(893,045)
	(2,333,793)	(1,602,905)
	6,017,704	5,528,742

13. Taxation (continued)

The deferred tax current year is mainly due to the fair value adjustment which arises from the acquisition of subsidiaries.

No provision for income tax has been made for the Company and group entities incorporated in Hong Kong as they have no assessable profits derived from Hong Kong.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% or 15%. Greentown Decoration Project Group Co., Ltd. ("Greentown Decoration Project Group") and Zhejiang Greentown Lianhe Design Co., Ltd. are new technology enterprises and the applicable income tax rate is 15% from year 2018 to 2020 and year 2017 to 2019 respectively.

In addition, the EIT Law provides that qualified dividend income between two "resident enterprises" that have a direct investment relationship is exempted from income tax. Otherwise, such dividends will be subject to a 5% or 10% withholding tax under the EIT Law. A 10% withholding tax rate is applicable to the Group.

The tax charge for the year can be reconciled to the profit per the consolidated statement of profit or loss and other comprehensive income as follows:

	2019 **RMB'000**	2018 RMB'000
Profit before taxation	**9,953,126**	7,903,972
Tax at the applicable PRC enterprise income tax rate of 25%	**2,488,282**	1,975,993
Effect of different tax rates	**(9,663)**	(19,552)
Tax effect of share of results of associates	**(250,723)**	(81,396)
Tax effect of share of results of joint ventures	**18,988**	(43,629)
Tax effect of income not taxable for tax purposes	**(106,987)**	(191,190)
Tax effect of expenses not deductible for tax purposes	**558,983**	598,693
Over-provision in respect of prior year	**(8,562)**	(23,492)
Tax effect of deductible temporary differences not recognised	**145,353**	39,390
Tax effect of tax losses not recognised	**116,690**	289,773
Recognition of deferred tax assets on tax losses previously not recognised	**(39,634)**	(21,615)
Utilisation of tax losses previously not recognised	**(18,869)**	(1,588)
LAT provision for the year	**4,024,776**	3,889,060
Tax effect of LAT	**(1,006,194)**	(972,265)
Tax effect of undistributed profits	**105,264**	90,560
Tax charge for the year	**6,017,704**	5,528,742

Details of deferred taxation for the year ended 31 December 2019 are set out in note 24.

13. Taxation (continued)

PRC LAT

According to the requirements of the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例) effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例實施細則) effective from 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for property sales of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items.

According to the Notices for the Strengthening of Administration on LAT (關於加强土地增值稅管理工作的通知), the Group is required to pre-pay LAT on pre-sale proceeds at 0.5% – 3% for ordinary residential properties and 1% – 6% for other properties.

For the year ended 31 December 2019, the Group estimated and made a provision for LAT in the amount of RMB4,024,776,000 (2018: RMB3,889,060,000), according to 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 completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

14. Dividends

On 29 July 2019, a final dividend for 2018 of RMB0.23 per ordinary share, or RMB499,312,000 in total, was paid to the shareholders.

On 18 July 2018, a final dividend for 2017 of RMB0.20 per ordinary share, or RMB433,536,000 in total, was paid to the shareholders.

A final dividend of RMB0.30 per ordinary share (2018: RMB0.23 per ordinary share) for the year ended 31 December 2019 has been proposed by the directors and is subject to approval by the Shareholders at the forthcoming annual general meeting.

15. Earnings Per Share

The calculation of the basic and diluted earnings per share attributable to the ordinary shareholders of the Company is based on the following data:

Earnings

	2019 **RMB'000**	2018 RMB'000
Profit for the year attributable to the owners of the Company	**2,480,232**	1,003,285
Distribution related to perpetual securities	**(1,286,888)**	(611,589)
Earnings for the purpose of basic earnings per share	**1,193,344**	391,696
Earnings for the purpose of diluted earnings per share	**1,193,344**	391,696

Number of shares

	2019	2018
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,166,050,482**	2,167,671,034
Effect of dilutive potential ordinary shares:		
Share options	**4,246,162**	7,100,798
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,170,296,644**	2,174,771,832

The computation of 2019 and 2018 diluted earnings per share does not assume the exercise of some of the share options because the exercise price of some share options was higher than the average market price for shares for the year.

16. Property, Plant and Equipment

	Hotel buildings RMB'000	Leasehold land and buildings RMB'000	Leasehold improvements RMB'000	Machinery RMB'000	Furniture, fixtures and equipment RMB'000	Transportation equipment RMB'000	Construction in progress RMB'000	Total RMB'000
COST								
At 1 January 2018	6,483,679	1,054,574	143,163	34,616	479,733	253,272	852,584	9,301,621
Additions	1,068,239	161,988	49,473	5,817	102,433	37,122	451,757	1,876,829
Transfer from properties under development	–	–	–	–	–	–	410,245	410,245
Transfer to prepaid lease payment	–	–	–	–	–	–	(35,983)	(35,983)
Transfer to investment properties	–	–	–	–	–	–	(98,147)	(98,147)
Transfer	952,486	261,855	–	–	–	–	(1,214,341)	–
Disposals	–	(26,571)	(2,597)	–	(34,637)	(1,823)	–	(65,628)
Acquisition of subsidiaries (note 40)	–	–	41	61	1,692	1,311	–	3,105
Disposal of subsidiaries	–	–	–	–	(885)	(2,316)	–	(3,201)
At 31 December 2018	8,504,404	1,451,846	190,080	40,494	548,336	287,566	366,115	11,388,841
Additions	1,945	76,215	54,469	30,471	54,440	26,198	335,766	579,504
Transfer from properties under development	–	–	–	–	–	–	460,981	460,981
Transfer	131,985	122,608	–	–	–	–	(254,593)	–
Eliminated on disposals	–	(17,110)	–	(160)	(25,412)	(41,125)	–	(83,807)
Acquisition of subsidiaries (note 40)	–	–	25	11	768	221	–	1,025
Disposal of subsidiaries (note 41)	–	(696)	(624)	(129)	(10,427)	(9,242)	–	(21,118)
Reclassification to held-for-sale (note 31)	–	(4,912)	(1,059)	(137)	(443)	(20)	–	(6,571)
At 31 December 2019	**8,638,334**	**1,627,951**	**242,891**	**70,550**	**567,262**	**263,598**	**908,269**	**12,318,855**

16. Property, Plant and Equipment (continued)

	Hotel buildings RMB'000	Leasehold land and buildings RMB'000	Leasehold improvements RMB'000	Machinery RMB'000	Furniture, fixtures and equipment RMB'000	Transportation equipment RMB'000	Construction in progress RMB'000	Total RMB'000
DEPRECIATION AND IMPAIRMENT								
At 1 January 2018	(895,088)	(135,118)	(99,586)	(30,645)	(256,252)	(171,673)	–	(1,588,362)
Provided for the year	(253,548)	(62,802)	(29,572)	(9,683)	(62,808)	(33,692)	–	(452,105)
Eliminated on disposals	–	5,300	2,245	–	25,561	1,317	–	34,423
Eliminated on disposal of subsidiaries	–	–	–	–	106	75	–	181
Reversal of impairment losses on property, plant and equipment	16,775	–	–	–	–	–	–	16,775
At 31 December 2018	(1,131,861)	(192,620)	(126,913)	(40,328)	(293,393)	(203,973)	–	(1,989,088)
Provided for the year	(294,218)	(68,284)	(30,169)	(12,447)	(64,979)	(39,689)	–	(509,786)
Eliminated on disposals	–	189	–	135	21,297	34,806	–	56,427
Eliminated on disposal of subsidiaries (note 41)	–	229	260	90	3,482	751	–	4,812
Reclassification to held-for-sale (note 31)	–	805	1,023	119	389	19	–	2,355
Impairment losses on property, plant and equipment, net of reversal	(65,644)	–	–	–	–	–	–	(65,644)
At 31 December 2019	**(1,491,723)**	**(259,681)**	**(155,799)**	**(52,431)**	**(333,204)**	**(208,086)**	**–**	**(2,500,924)**
CARRYING VALUES								
At 31 December 2019	**7,146,611**	**1,368,270**	**87,092**	**18,119**	**234,058**	**55,512**	**908,269**	**9,817,931**
At 31 December 2018	7,372,543	1,259,226	63,167	166	254,943	83,593	366,115	9,399,753

16. Property, Plant and Equipment (continued)

The above items of property, plant and equipment other than construction in progress are depreciated on a straight-line basis, taking into account their residual value, at the following rates per annum:

Hotel buildings	Over the shorter of the term of the land use rights or 40 years
Leasehold land and buildings	Over the shorter of the term of the land use rights or 40 years
Leasehold improvements	Over the shorter of the lease term or five years
Machinery	10% to 33 1/3%
Furniture, fixtures and equipment	10% to 33 1/3%
Transportation equipment	10% to 20%

Details of the hotel buildings, leasehold land and buildings and construction in progress pledged to secure banking facilities granted to the Group are disclosed in note 45.

During the current year, the Group engaged an independent qualified professional valuer to conduct review of one hotel building in Qingdao. It was determined that the hotel building was impaired on the basis of its projected performance. Accordingly, an impairment loss of RMB84,154,000 was recognised in the current year in respect of hotel buildings.

In view of the improving performance of the hotel operations in Xinchang, the Group engaged Cushman & Wakefield Limited to update their review of the Group's hotel buildings as at 31 December 2019 and as a result a reversal of impairment loss of RMB18,510,000 (2018: RMB16,775,000) of hotel buildings was reversed during the year in respect of hotel buildings based on their value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. The discount rate used in measuring value in use was 9% (2018: 9%).

17. Right-of-use Assets

	Buildings RMB'000	Leasehold lands RMB'000	Total RMB'000
COST			
As at 1 January 2019	167,629	1,066,428	1,234,057
Addition	66,631	20,255	86,886
Eliminated on disposal	(10,234)	–	(10,234)
Disposal of subsidiaries (note 41)	(27,737)	–	(27,737)
Transfer to held for sale (note 31)	(730)	–	(730)
At 31 December 2019	195,559	1,086,683	1,282,242
DEPRECIATION			
As at 1 January 2019	–	(143,307)	(143,307)
Provided for the year	(65,942)	(38,386)	(104,328)
Eliminated on disposal	1,460	–	1,460
Eliminated on disposal of subsidiaries (note 41)	2,657	–	2,657
As at 31 December 2019	(61,825)	(181,693)	(243,518)
CARRYING VALUES			
At 1 January 2019	167,629	923,121	1,090,750
At 31 December 2019	133,734	904,990	1,038,724

During the current year, the expense relating to short-term leases and other leases with lease terms end within 12 months of the date of initial application of IFRS 16 and leases of low-value assets was RMB122,897,000.

The total cash outflow for leases was RMB224,976,000.

For both years, the Group leases office buildings and apartments for its operations. Lease contracts are entered into for fixed term of 1 to 9 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns several office buildings and hotel buildings. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

18. Prepaid Lease Payment

	2018 RMB'000
Analysed for reporting purposes as:	
Current asset (included in trade and other receivables)	26,154
Non-current asset	896,967
	923,121

19. Investment Properties

	RMB'000
Fair value	
At 1 January 2018	2,716,396
Additions	1,109,809
Transfer from property, plant and equipment and prepaid lease payment	107,795
Unrealised gain on property revaluation included in profit or loss	132,128
At 31 December 2018	4,066,128
Additions	78,290
Disposal	(69,734)
Net decrease in fair value recognised in profit or loss	(41,866)
At 31 December 2019	4,032,818
Unrealised gain on property revaluation included in profit or loss	(65,305)

The Group leases out various offices and retail stores under operating leases with rentals receivable monthly. The leases typically run for an initial period of 1 to 20 years, with unilateral rights to extend the lease beyond initial period held by lessees only.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The fair value of the Group's investment properties at 31 December 2019 and 2018 has been arrived at on the basis of a valuation carried out on that date by Cushman & Wakefield Limited.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

19. Investment Properties (continued)

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Level 3) based on the degree to which the inputs to the fair value measurements is observable.

Carrying value of investment properties held by the Group in the consolidated statement of financial positions	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Commercial property in Hangzhou RMB31,500,000 (2018: RMB31,500,000)	Level 3	Income approach The Key inputs are: 1. Reversionary yield; and 2. Market unit rent.	Reversionary yield, taking into account annual rental income potential and unit market value of the comparable properties, of 6.5% (2018:6.5%).	The higher the reversionary yield, the lower the fair value.
			Market unit rent, using direct market comparables and taking into account of similar character, location and sizes.	The higher the market unit rent, the higher the fair value.
Commercial property in Zhuji RMB1,219,167,000 (2018: RMB1,204,980,000)	Level 3	Income approach The Key inputs are: 1. Reversionary yield; and 2. Market unit rent.	Reversionary yield, taking into account annual rental income potential and unit market value of the comparable properties, of 4.5% (2018:5%).	The higher the reversionary yield, the lower the fair value.
			Market unit rent, using direct market comparables and taking into account of similar character, location and sizes.	The higher the market unit rent, the higher the fair value.
Commercial property in Dalian RMB940,000,000 (2018: RMB940,000,000)	Level 3	Income approach The Key inputs are: 1. Reversionary yield; and 2. Market unit rent.	Reversionary yield, taking into account annual rental income potential and unit market value of the comparable properties, of 6% (2018:6%).	The higher the reversionary yield, the lower the fair value.
			Market unit rent, using direct market comparables and taking into account of similar character, location and sizes.	The higher the market unit rent, the higher the fair value.

19. Investment Properties (continued)

Carrying value of investment properties held by the Group in the consolidated statement of financial positions	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Commercial property in Qingdao RMB290,000,000 (2018: RMB380,000,000)	Level 3	Income approach The Key inputs are: 1. Reversionary yield; and 2. Market unit rent.	Reversionary yield, taking into account annual rental income potential and unit market value of the comparable properties, of 6.5% (2018:6%).	The higher the reversionary yield, the lower the fair value.
			Market unit rent, using direct market comparables and taking into account of similar character, location and sizes.	The higher the market unit rent, the higher the fair value.
Commercial property in Hangzhou RMB147,143,000 (2018: RMB147,143,000)	Level 3	Income approach The Key inputs are: 1. Reversionary yield; and 2. Market unit rent.	Reversionary yield, taking into account annual rental income potential and unit market value of the comparable properties, of 5.5% (2018: 5.5%).	The higher the reversionary yield, the lower the fair value.
			Market unit rent, using direct market comparables and taking into account of similar character, location and sizes.	The higher the market unit rent, the higher the fair value.
Office building and commercial property in Ji'nan RMB1,268,558,000 (2018: RMB1,229,000,000)	Level 3	Income approach The Key inputs are: 1. Reversionary yield; and 2. Market unit rent.	Reversionary yield, taking into account annual rental income potential and unit market value of the comparable properties, of 7% and 5.5% for office building and commercial property respectively (2018: 7% and 5.5% respectively).	The higher the reversionary yield, the lower the fair value.
			Market unit rent, using direct market comparables and taking into account of similar character, location and sizes.	The higher the market unit rent, the higher the fair value.

19. Investment Properties (continued)

Carrying value of investment properties held by the Group in the consolidated statement of financial positions	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Hotel in Zhoushan RMB107,795,000 (2018: RMB107,795,000)	Level 3	Income approach The Key inputs are: 1. Reversionary yield; and 2. Market unit rent.	Reversionary yield, taking into account annual rental income potential and unit market value of the comparable properties,of 8% (2018: 5.5%).	The higher the reversionary yield, the lower the fair value.
			Market unit rent, using direct market comparables and taking into account of similar character, location and sizes.	The higher the market unit rent, the higher the fair value.
Commercial property and carpark units in Shengzhou RMB10,429,000 (2018: RMB25,710,000)	Level 3	Market approach The Key inputs are: Market observable transactions adjusted to reflect the locations and conditions of the subject property.	For commercial property: Price per square meter, using market direct comparable and taking into account of location, age and other individual factors which is RMB8,100 per square meter (2018: RMB20,500 per square meter)	The higher the price per square meter, the higher the fair value.
			For carpark units: Price per unit, which is RMB108,900 per unit (2018: RMB118,400 per unit).	The higher the price per unit, the higher the fair value.
Commercial store unit in Lin'an RMB17,178,000	Level 3	Market approach The Key inputs are: Market observable transactions adjusted to reflect the locations and conditions of the subject property.	For commercial property: Price per square meter, using market direct comparable and taking into account of location, age and other individual factors which is RMB21,599 per square meter	The higher the price per square meter, the higher the fair value.

19. Investment Properties (continued)

Carrying value of investment properties held by the Group in the consolidated statement of financial positions	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Commercial store unit in Huzhou RMB1,048,000	Level 3	Market approach The Key inputs are: Market observable transactions adjusted to reflect the locations and conditions of the subject property.	For commercial property: Price per square meter, using market direct comparable and taking into account of location, age and other individual factors which is RMB9,773 per square meter The higher the price per square meter, the higher the fair value.	The higher the price per unit, the higher the fair value.

Significant increases/(decreases) in the reversionary yield in isolation would result in a significantly lower/(higher) fair value of the investment properties. There is no indication that any slight increases/(decreases) in market unit rent in isolation would result in a significantly higher/(lower) fair value of the investment properties.

There were no transfer into or out of Level 3 during both years.

20. Goodwill

Cost

	2019 **RMB'000**	2018 RMB'000
At 1 January and at 31 December	**769,241**	769,241

The goodwill held by the Group as at 31 December 2019 arose on the acquisition of two subsidiaries that engaged in project management service in 2015. The detailed information is disclosed in the Group's 2015 consolidated financial statements.

Goodwill arose in the acquisition because the consideration paid for the acquisition effectively included the benefit of expected synergies, revenue growth and future market development. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

20. Goodwill (continued)

Impairment test on goodwill

For the purposes of impairment testing, goodwill set out above has been allocated to one cash generating unit ("CGU"). During the year ended 31 December 2019, the director considered that there is no impairment of CGU containing goodwill.

The basis of recoverable amount of the CGU and its major underlying assumptions is summarised below:

The recoverable amount of the CGU has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period, and discount rate of 13.2% (2018: 13.6%). Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and director's expectations for the market development. The directors believe that any reasonably possible change in any of these assumptions would not cause the carrying amount to exceed its recoverable amount.

The table below sets forth the other key assumptions that are used in the calculation of the value in use of the CGU at 31 December 2018 and 2019.

	2019	2018
Annual incremental sales contract rate for first five years	**5%**	5%
Gross margin ratio	**20%-50%**	20%-50%
Long-term growth rate	**1%**	1%

21. Interests in Associates

	2019 RMB'000	2018 RMB'000
Cost of unlisted investments in associates	**11,128,778**	8,292,943
Share of post-acquisition profits, net of dividends received	**956,129**	705,613
	12,084,907	8,998,556

No associate was individually material to the Group for the year.

As at 31 December 2019 and 2018, the Group had interests in the following principal associates established and operating in the PRC:

Name of associate	Registered capital	Proportion of ownership interest/voting rights held by the Group		Principal activities
		2019	2018	
穎澤投資有限公司 Green Magic Investments Limited ("Green Magic")	HKD1,500,000,000	**40% (i)**	40% (i)	Investment holding
大連九龍倉綠城置業有限公司 Dalian Wharf Greentown Real Estate Co., Ltd. ("Dalian Wharf Greentown")	USD90,490,000	**40% (i)**	40% (i)	Real estate development
杭州濱綠房地產開發有限公司 Hangzhou Binlv Real Estate Development Co., Ltd. ("Hangzhou Binlv")	RMB60,000,000	**50% (ii)**	50% (ii)	Real estate development
網築集團有限公司 WZ Group Limited	USD50,000	**28%**	28%	Online Retailers
寧波都市房產開發有限公司 Ningbo Dushi Real Estate Development Co., Ltd.	USD200,000,000	**49%**	49%	Real estate development
上海浙鐵綠城房地產開發有限公司 Shanghai Zhetie Greentown Real Estate Development Co., Ltd.	RMB50,000,000	**38%**	38%	Real estate development
杭州翡翠城房地產開發有限公司 Hangzhou Hope Town Real Estate Development Co., Ltd.	RMB50,000,000	**45%**	45%	Real estate development

21. Interests in Associates (continued)

Name of associate	Registered capital	Proportion of ownership interest/voting rights held by the Group		Principal activities
		2019	2018	
濟南海爾綠城置業有限公司 Ji'nan Haier Greentown Real Estate Co., Ltd.	RMB140,000,000	45%	45%	Real estate development
台州浙能綠城置業有限公司 Taizhou Zheneng Greentown Real Estate Co., Ltd.	RMB300,000,000	49%	49%	Real estate development
杭州浙能綠城置業有限公司 Hangzhou Zheneng Greentown Real Estate Co., Ltd.	RMB300,000,000	49%	49%	Real estate development
浙江鐵建綠城房地產開發有限公司 Zhejiang Tiejian Greentown Real Estate Development Co., Ltd.	RMB100,000,000	38%	38%	Real estate development
杭州百大置業有限公司 Hangzhou Baida Real Estate Co., Ltd.	RMB1,965,500,000	30%	30%	Real estate development
杭州賽麗綠城申花置業有限公司 Hangzhou Saili Greentown Shenhua Real Estate Co., Ltd.	RMB100,000,000	25%	25%	Real estate development
杭州紫元綠西房地產有限公司 Hangzhou Ziyuan Lvxi Real Estate Co., Ltd.	RMB100,000,000	33%	33%	Real estate development
大冶有色綠城房地產開發有限公司 Daye Youse Greentown Real Estate Development Co., Ltd.	RMB60,000,000	30%	30%	Real estate development
山東財富縱橫置業有限公司 Shandong Caifu Zongheng Real Estate Co., Ltd.	RMB50,000,000	39%	39%	Real estate development
信陽市萬恒置業有限公司 Xinyang Wanheng Real Estate Co., Ltd.	RMB50,000,000	20%	20%	Real estate development
青島綠城華景置業有限公司 Qingdao Greentown Huajing Real Estate Co., Ltd	RMB2,000,000,000	40%	40%	Real estate development

21. Interests in Associates (continued)

Name of associate	Registered capital	Proportion of ownership interest/voting rights held by the Group 2019	2018	Principal activities
杭州綠城墅園置業有限公司 Hangzhou Greentown Shuyuan Real Estate Co., Ltd.	RMB10,000,000	**30%**	30%	Real estate development
杭州地鐵武林置業有限公司 Hangzhou Metro Wulin Real Estate Co., Ltd.	RMB2,800,000,000	**45%**	45%	Real estate development
杭州安景置業有限公司 Hangzhou Anjing Real Estate Co., Ltd.	RMB100,000,000	**25%**	25%	Real estate development
浙江西子綠城房地產集團有限公司 Zhejiang Xizi Lvcheng Real Estate Group Co., Ltd.	RMB100,000,000	**40%**	40%	Real estate development
杭州龍昊房地產開發有限公司 Hangzhou Longhao Real Estate Co., Ltd.	RMB1,500,000,000	**23%**	23%	Real estate development
杭州綠城桂溪房地產開發有限公司 Hangzhou Greentown Guixi Real Estate Co., Ltd.	RMB600,000,000	**20%**	20%	Real estate development
重慶綠華置業發展有限公司 Chongqin Lvhua Real Estate Co., Ltd.	RMB1,100,000,000	**49%**	49%	Real estate development
安徽綠雋置業有限公司 Anhui Lvjun Real Estate Co., Ltd.	RMB1,000,000,000	**50%**	50%	Real estate development
杭州綠城望溪房地產開發有限公司 Hangzhou Greentown Wangxi Real Estate Co., Ltd. ("Hangzhou Greentown Wangxi")	RMB600,000,000	**36% (iii)**	20%	Real estate development
廣州綠楨房地產開發有限公司 Guangzhou Lvzhen Real Estate Development Co., Ltd. ("Guangzhou Lvzhen")	RMB400,000,000	**30% (iv)**	–	Real estate development

21. Interests in Associates (continued)

Name of associate	Registered capital	Proportion of ownership interest/voting rights held by the Group 2019	2018	Principal activities
安徽舜鴻房地產開發有限公司 Anhui Shunhong Real Estate Development Co., Ltd. ("Anhui Shunhong")	RMB380,000,000	**50% (v)**	–	Real estate development
福州綠榕投資發展有限公司 Fuzhou Lvrong Investment Co., Ltd. ("Fuzhou Lvrong")	RMB640,000,000	**33% (vi)**	–	Investment holding
福州禎泰置業有限公司 Fuzhou Zhentai Property Co., Ltd. ("Fuzhou Zhentai")	RMB800,000,000	**26% (vi)**	–	Real estate development
上海新湖房地產開發有限公司 Shanghai Xinhu Real Estate	RMB200,000,000	**35% (vii)**	–	Real estate development
浙江銀潤藍城房地產開發有限公司 Zhejiang Yinrun Bluetown Real Estate Development Co., Ltd. ("Zhejiang Yinrun Real Estate")	RMB100,000,000	**40% (viii)**	–	Real estate development
廣州雋威房地產開發有限公司 Guangzhou Junwei Real Estate Development Co., Ltd.	RMB280,000,000	**43% (ix)**	–	Real estate development
杭州綠城致延城市發展投資有限公司 Hangzhou Zhiyan City Development Investment Co., Ltd.	RMB370,000,000	**48% (ix)**	–	Investment holding and consulting
北京東部綠城置業有限公司 Beijing Eastern Greentown Real Estate Co., Ltd. ("Beijing Eastern")	RMB50,000,000	**N/A (x)**	49%	Real estate development
杭州海航綠城置業有限公司 Hangzhou Haihang Greentown Real Estate Co., Ltd.	RMB322,750,100	**– (xi)**	40%	Real estate development

21. Interests in Associates (continued)

Name of associate	Registered capital	Proportion of ownership interest/voting rights held by the Group		Principal activities
		2019	2018	
義烏浙鐵綠城房地產開發有限公司 Yiwu Zhetie Greentown Real Estate Development Co., Ltd.	RMB200,000,000	**–** **(xi)**	35%	Real estate development
紹興金綠泉置業有限公司 Shaoxing Jinlvquan Real Estate Co., Ltd.	RMB580,000,000	**–** **(xi)**	35%	Real estate development

The above table lists the associates of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

Notes:

(i) Dalian Wharf Greentown is a subsidiary of Green Magic.

(ii) Only two out of five directors of Hangzhou Binlv are appointed by the Group, while a valid board resolution requires half of the total votes. The Group thus does not have the power to control or jointly control Hangzhou Binlv. Therefore, Hangzhou Binlv is accounted for as an associate of the Group.

(iii) In December 2019, the Group acquired 100% equity interest in Hangzhou Changrong Commercial Information Consulting Co., Ltd. ("Hangzhou Changrong"). Hangzhou Changrong indirectly held 16% equity interest in Hangzhou Greentown Wangxi. Details of the transaction are set out in note 40. After the acquisition, the Group held 36% equity interest in Hangzhou Greentown Wangxi and accounted it as an associate.

(iv) In January 2019, the Group disposed of its 70% equity interests in Hangzhou Zhaolian Investment Co., Ltd. ("Hangzhou Zhaolian") to an independent third party for a cash consideration of RMB5,019,000. Guangzhou Lvzhen is a wholly-owned subsidiary of Hangzhou Zhaolian before the disposal. After the disposal, the Group held a 30% equity interest in Hangzhou Zhaolian and Guangzhou Lvzhen, and therefore classified the investments as associates of the Group.

(v) In August 2019, the Group's equity interest was diluted from 83.3% to 50% in Anhui Shunhong due to capital injection by an independent third parties. Only two out of five directors of Anhui Shunhong are appointed by the Group, while a valid board resolution requires half of the total votes. The Group thus does not have the power to control or jointly control Anhui Shunhong. Therefore, Anhui Shunhong is accounted for as an associate of the Group.

(vi) In December 2019, the Group disposed of its 67.5% equity interests in Fuzhou Lvrong to two independent third parties. After the disposal, Fuzhou Lvrong was accounted for as an associate of the Group. Fuzhou Zhentai is an 80%-owned subsidiary of Fuzhou Lvrong, therefore was also accounted for as an associate of the Group.

(vii) In December 2019, Shanghai Zhiyao Property Co., Ltd., ("Shanghai Zhiyao"), a wholly-owned subsidiary of the Company, entered into the share transfer and cooperation agreement, pursuant to which Shanghai Zhiyao agreed to acquire 35% of the total shares of Shanghai Xinhu Real Estate, for a share transfer consideration of RMB550,000,000. The Group recognised the gain on acquisition of an associate at a discount of RMB212,300,000. After the acquisition, Shanghai Xinhu Real Estate was classified as an associate of the Group. Details of the transaction set out above are disclosed in the Company's announcement dated 17 December 2019.

(viii) In December 2019, Greentown Ideal Town Construction Group Co., Ltd., ("Greentown Ideal Town Construction Group"), a wholly-owned subsidiary of the Company, entered into the share transfer and cooperation agreement, pursuant which Greentown Ideal Town Construction Group agreed to acquire 40% share of the total shares of Zhejiang Yinrun, for a total cash consideration of approximately RMB320,000,000. After the acquisition, Zhejiang Yinrun was classified as for an associate of the Group. Details of the transaction set out above are disclosed in the Company's announcement dated 24 December 2019.

21. Interests in Associates (continued)

Notes: (continued)

(ix) These companies were newly established in 2019.

(x) In April 2019, Beijing Greentown Investment Co., Ltd., ("Beijing Greentown Investment"), a wholly-owned subsidiary of the Company, entered into a framework agreement to acquire the additional 51% equity interests of Beijing Eastern from an independent third party for a total cash consideration of RMB45,262,000. Details of the transactions are set out in note 40.

(xi) These companies were liquidated in 2019.

Aggregate information of associates that are not individually material:

	2019 RMB'000	2018 RMB'000
Group's share of total profit for the year	**1,002,893**	325,582
Aggregate carrying amount of the Group's interests in these associates	**12,084,907**	8,998,556

The Group has discontinued recognition of its share of losses of certain associates as its share of losses of those associates equals or exceeds its interests in those associates. The amounts of unrecognised share of losses of these associates, both for the year and cumulatively, are as follows:

	2019 RMB'000	2018 RMB'000
Unrecognised share of losses of associates for the year	**372,581**	258,066
Accumulated unrecognised share of losses of associates	**698,560**	549,599

22. Interests in Joint Ventures

	2019 RMB'000	2018 RMB'000
Cost of unlisted investments in joint ventures	**3,886,742**	1,692,393
Share of post-acquisition profits, net of dividends received	**(17,012)**	147,395
	3,869,730	1,839,788

22. Interests in Joint Ventures (continued)

As at 31 December 2019 and 2018, the Group had interests in the following principal joint ventures established and operating in the PRC:

Name of joint venture	Registered capital	Proportion of ownership interest/voting rights held by the Group		Principal activities
		2019	2018	
盈高有限公司 Profit Pointer Limited	HKD10,000	**50%** **(i)**	50% (i)	Investment holding
瀋陽全運村建設有限公司 Shenyang National Games Village Construction Co., Ltd. ("Shenyang National Games Village")	USD290,000,000	**50%** **(i)**	50% (i)	Real estate development
嵊州綠城越劇小鎮投資有限公司 Shengzhou Greentown Shaoxing Opera Town Investment Co., Ltd. ("Shengzhou Shaoxing Opera Town")	RMB100,000,000	**33%** **(ii)**	33% (ii)	Real estate development
徐州新盛綠城置業發展有限公司 Xuzhou Xinsheng Real Estate Co., Ltd. ("Xuzhou Xinsheng")	RMB100,000,000	**60%** **(iii)**	60% (iii)	Real estate development
浙江交投綠城投資有限公司 Zhejiang Jiaotou Greentown Investment Co., Ltd. ("Zhejiang Jiaotou Greentown Investment")	RMB80,000,000	**50%**	50%	Investment holding
浙江綠西房地產集團有限公司 Zhejiang Lvxi Real Estate Group Co., Ltd. and business consulting	RMB100,000,000	**50%**	50%	Investment holding, real estate development
杭州臨宜房地產開發有限公司 Hangzhou Linyi Real Estate Development Co., Ltd.	RMB239,800,000	**50%**	50%	Real estate development
杭州綠城鳳起置業有限公司 Hangzhou Greentown Fengqi Real Estate Co., Ltd.	RMB50,000,000	**50%**	50%	Real estate development
浙江綠城足球俱樂部有限公司 Zhejiang Greentown Football Club Co., Ltd.	RMB50,000,000	**50%**	50%	Club operation

22. Interests in Joint Ventures (continued)

Name of joint venture	Registered capital	Proportion of ownership interest/voting rights held by the Group 2019	2018	Principal activities
天津佳意房地產開發有限公司 Tianjin Jiayi Real Estate Development Co., Ltd. ("Tianjin Jiayi")	RMB900,000,000	**33% (iv)**	–	Real estate development
濟寧城投綠城置業有限公司 Ji'ning Chengtou Greentown Property Co., Ltd. ("Ji'ning Chengtou")	RMB1,859,255,700	**49% (v)**	–	Real estate development
天津華厦津典置業有限公司 Tianjin Huaxia Jindian Real Estate Development Co., Ltd. ("Tianjin Huaxia Jindian")	RMB200,000,000	**49% (vi)**	–	Real estate development
山東東城置業有限公司 Shandong Dongcheng Real Estate Co., Ltd. ("Shandong Dongcheng")	RMB200,000,000	**N/A (vii)**	49% (vii)	Real estate development
紹興綠城寶業房地產開發有限公司 Shaoxing Greentown Baoye Real Estate Co., Ltd. ("Shaoxing Greentown Baoye")	RMB100,000,000	**– (ix)**	51% (viii)	Real estate development
浙江金盈置業有限公司 Zhejiang Jinying Real Estate Co., Ltd.	RMB50,000,000	**– (ix)**	50%	Real estate development

The above table lists the joint ventures of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other joint ventures would, in the opinion of the directors, result in particulars of excessive length.

Notes:

(i) Shenyang National Games Village is a subsidiary of Profit Pointer Limited.

(ii) Two out of five directors of Shengzhou Shaoxing Opera Town are appointed by the Group, while a valid board resolution requires two-third above approval from all directors. Decisions about relevant activities of Shengzhou Shaoxing Opera Town require unanimous consent from the Group and the other equity holders. Therefore, Shengzhou Shaoxing Opera Town is accounted for as a joint venture of the Group.

22. Interests in Joint Ventures (continued)

Notes: (continued)

(iii) Three out of five directors of Xuzhou Xinsheng are appointed by the Group, while a valid board resolution requires unanimous approval from all directors. Therefore, Xuzhou Xinsheng is accounted for as a joint venture of the Group.

(iv) In May 2019, the Group's equity interest was diluted from 100% to 33% in Tianjin Jiayi due to capital injection by two independent third parties. Decisions about relevant activities of Tianjin Jiayi require unanimous consent from the Group and the other equity holders on the general meeting. Therefore, Tianjin Jiayi was accounted for as a joint venture of the Group after the deemed disposal.

(v) The company was newly established in 2019. One out of three directors of Ji'ning Chengtou is appointed by the Group, while a valid board resolution requires unanimous approval from all directors. Therefore, Ji'ning Chengtou is accounted for as a joint venture of the Group.

(vi) In September 2019, Tianjin Greentown Northern Property Co., Ltd. ("Tianjin Greentown"), a wholly-owned subsidiary of the Group, acquired 49% equity interest in Tianjin Huaxia Jindian, for a total cash consideration of approximately RMB340,003,000. Two out of five directors of Tianjin Huaxia Jindian are appointed by the Group, while a valid board resolution requires more than two thirds from all directors. Therefore, Tianjin Huaxia Jindian is accounted for as a joint venture of the Group.

(vii) Greentown Real Estate Group Co., Ltd. ("Greentown Real Estate"), a wholly-owned subsidiary of the Company, entered into a framework agreement to acquire the additional 51% equity interests of Shandong Dongcheng from an independent third party for a total cash consideration of RMB397,968,000. Details of the transaction are set out in note 40. Before the acquisition, two out of five directors of Shandong Dongcheng were appointed by the Group and the remaining three directors by the other equity holder, while a valid board resolution required four-fifths of the total votes. Decisions about relevant activities of Shandong Dongcheng required unanimous consent from the Group and the other equity holder. Therefore, Shandong Dongcheng was accounted for as a joint venture of the Group.

(viii) Three out of five directors of Shaoxing Greentown Baoye were appointed by the Group, while a valid board resolution requires unanimous approval from all directors. Therefore, Shaoxing Greentown Baoye was accounted for as a joint venture of the Group.

(ix) These companies were liquidated in 2019.

Summarised financial information of material joint ventures

Summarised financial information in respect of each of the Group's material joint ventures is set out below. The summarised financial information below represents amounts shown in the joint ventures' financial statements prepared in accordance with IFRSs.

The joint ventures are accounted for using the equity method in these consolidated financial statements.

Joint venture Company A

	2019 **RMB'000**	2018 RMB'000
Current assets	**1,875,318**	N/A
Non-current assets	**65**	N/A
Current liabilities	**6,336**	N/A
Non-current liabilities	**–**	N/A

22. Interests in Joint Ventures (continued)

Summarised financial information of material joint ventures (continued)

Joint venture Company A (continued)

The above amounts of assets and liabilities include the following:

	2019 RMB'000	2018 RMB'000
Cash and cash equivalents	881,052	N/A
Current financial liabilities (excluding trade and other payables and provisions)	–	N/A
Non-current financial liabilities (excluding trade and other payables and provisions)	–	N/A

	2019 RMB'000	2018 RMB'000
Revenue	–	N/A
Profit for the year	3,245	N/A

The above profit for the year includes the following:

	2019 RMB'000	2018 RMB'000
Depreciation and amortisation	–	N/A
Interest income	5,282	N/A
Income tax expense	1,082	N/A

22. Interests in Joint Ventures (continued)

Summarised financial information of material joint ventures (continued)

Joint venture Company A (continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	2019 RMB'000	2018 RMB'000
Net assets of Joint venture Company A	1,869,047	N/A
Proportion of the Group's ownership interest in Joint venture Company A (note)	49%	N/A
Carrying amount of the Group's interest in Joint venture Company A	915,833	N/A

Note: Three out of five directors of Joint venture Company A are appointed by the Group, while a valid board resolution requires unanimous approval from all directors. Therefore, Joint venture Company A is accounted for as a joint venture of the Group.

Aggregate information of joint ventures that are not individually material:

	2019 RMB'000	2018 RMB'000
Group's share of (losses) profit for the year	(77,541)	174,515

22. Interests in Joint Ventures (continued)

Summarised financial information of material joint ventures (continued)

The above profit for the year includes the following:

The Group has discontinued recognition of its share of losses of certain joint ventures as its share of losses of those joint ventures equals or exceeds its interests in those joint ventures. The amounts of unrecognised share of losses of these joint ventures, both for the year and cumulatively, are as follows:

	2019 RMB'000	2018 RMB'000
Unrecognised share of losses of joint ventures for the year	136,633	10,126
Accumulated unrecognised share of losses of joint ventures	592,125	858,472

23. Equity Instruments at Fair Value through Other Comprehensive Income

	2019 RMB'000	2018 RMB'000
Listed investments:		
– Equity securities listed in Hong Kong (note i)	1,058,755	730,162
Unlisted equity securities (note ii)	453,230	545,520
	1,511,985	1,275,682

Notes:

(i) The above listed equity investments represent ordinary shares of an entity listed in Hong Kong. These investments are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

(ii) The above unlisted equity investments represent the Group's equity interest in a private entity established in the PRC. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they are held for the long term primarily with the objective of strengthening business relationships.

For the year ended 31 December 2019

24. Deferred Taxation

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the current and prior years:

	Temporary differences on revenue recognition and related cost of sales RMB'000	Impairment losses RMB'000	Tax losses RMB'000	Fair value adjustments RMB'000	LAT provision RMB'000	Undistributed profits RMB'000	Others RMB'000	Total RMB'000
At 1 January 2018	(385,364)	319,006	400,184	(4,685,674)	839,379	(522,184)	(148,525)	(4,183,178)
Charge to other comprehensive income	–	–	–	(52,851)	–	–	–	(52,851)
(Charge) credit to profit or loss	(500,740)	312,712	44,408	1,638,171	47,208	(35,000)	96,146	1,602,905
Acquisition of subsidiaries (note 40)	(49,009)	10,837	176,825	(1,379,092)	7,322	–	–	(1,233,117)
Disposal of subsidiaries	–	–	(470)	–	–	–	–	(470)
At 31 December 2018	(935,113)	642,555	620,947	(4,479,446)	893,909	(557,184)	(52,379)	(3,866,711)
Charge to other comprehensive income	**–**	**–**	**–**	**23,947**	**–**	**–**	**–**	**23,947**
(Charge) credit to profit or loss	**(49,883)**	**107,745**	**246,548**	**1,611,886**	**550,857**	**(80,000)**	**(53,360)**	**2,333,793**
Acquisition of subsidiaries (note 40)	**–**	**–**	**24,964**	**(81,790)**	**–**	**–**	**150**	**(56,676)**
Transfer to held for sale (note 31)	**–**	**–**	**–**	**–**	**–**	**–**	**(774)**	**(774)**
Disposal of subsidiaries (note 41)	**–**	**–**	**(41,363)**	**326**	**–**	**–**	**(860)**	**(41,897)**
At 31 December 2019	**(984,996)**	**750,300**	**851,096**	**(2,925,077)**	**1,444,766**	**(637,184)**	**(107,223)**	**(1,608,318)**

The addition in deferred tax liabilities during current year is mainly due to fair value adjustment of the properties under development from the acquisition of subsidiaries. Deferred tax liability credited to the profit or loss for the year was mainly due to sales of properties under development acquired with fair value adjustment and recognition of revenue from sales of properties over time.

Others represent mainly deferred tax liabilities recognised in respect of temporary differences arising from capitalised interest expense.

24. Deferred Taxation (continued)

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2019 RMB'000	2018 RMB'000
Deferred tax assets	**3,238,893**	2,363,550
Deferred tax liabilities	**(4,847,211)**	(6,230,261)
	(1,608,318)	(3,866,711)

At the end of the reporting period, the Group had deductible temporary differences of RMB738,972,000 (2018: RMB157,561,000). No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

At the end of the reporting period, the Group had unutilised tax losses of RMB7,315,654,000 (2018: RMB6,619,705,000) available for offset against future profits. Deferred tax asset has been recognised in respect of RMB3,404,381,000 (2018: RMB2,483,781,000) of such losses.

Based on the latest budgets, the management believes that there will be sufficient future profits for the realisation of the deferred tax assets recognised in respect of these tax losses. No deferred tax asset has been recognised in respect of the remaining RMB3,911,273,000 (2018: RMB4,135,924,000) due to the unpredictability of future profit streams. Pursuant to the relevant laws and regulations in the PRC, the unrecognised tax losses at the end of the reporting period will expire in the following years:

	2019 RMB'000	2018 RMB'000
2019	**–**	478,184
2020	**829,632**	916,699
2021	**1,119,399**	1,146,284
2022	**433,169**	435,665
2023	**964,612**	1,159,092
2024	**564,461**	–
	3,911,273	4,135,924

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of certain temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to RMB12,901,158,000 (31 December 2018: RMB14,854,940,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

25. Deposit for Acquisition of an Associate

On 17 December 2018, Greentown Real Estate entered into a share transfer agreement (the "Agreement") to acquire 900,000,000 shares of Aeon Life Insurance Company, Ltd. ("Aeon Life"), representing 11.55% of its total shares as at the date of the Agreement, from an independent third party for a total cash consideration of RMB2,718,000,000 (the "Proposed Acquisition"). As the Group will be able to appoint one director to Aeon Life and have a significant influence on Aeon Life, Aeon Life will be accounted for as an associate after the completion of the Proposed Acquisition. As at 31 December 2018, the Group has fully paid the consideration according to the Agreement. The principal terms of the Proposed Acquisition are disclosed in the Group's 2018 consolidated financial statements.

According to the Agreement, where China Banking and Insurance Regulatory Commission has not issued its approval (the "Approval") regarding the Proposed Acquisition within the prescribed period after the payment of the purchase price and the Agreement is terminated therefore, the vendor shall refund all the purchase price paid to Greentown Real Estate. As of 31 December 2019, the Approval has not been issued. As such, the Agreement has been terminated pursuant to the terms and provisions thereof, and the vendor has been refunded all the purchase price paid to Greentown Real Estate.

26. Properties for Development

Included in properties for development as at 31 December 2019 is an amount of RMB10,066,178,000 (2018: RMB9,764,276,000) in respect of leasehold land for which the Group was in the process of obtaining the land use rights certificates.

All properties for development are expected to be recovered after more than 12 months from the end of the reporting period.

27. Properties Under Development

	2019 **RMB'000**	2018 RMB'000
Leasehold land – at cost	**81,552,082**	80,307,127
Development costs	**40,506,043**	25,948,690
Finance costs capitalised	**14,557,841**	11,621,050
	136,615,966	117,876,867

Properties under development for sale amounting RMB108,238,953,000 (2018: RMB82,333,319,000) are expected to be recovered after more than 12 months from the end of the reporting period.

28. Trade and Other Receivables, Deposits and Prepayments

	2019 **RMB'000**	2018 RMB'000
Trade receivables	**1,141,212**	979,502
Less: allowance for credit losses	**(75,566)**	(101,266)
Trade receivables, net of allowance for credit losses	**1,065,646**	878,236
Other receivables, net of allowance for credit losses	**6,850,336**	3,789,485
Prepayments and deposits	**3,326,102**	1,425,478
Consideration receivables from disposal of subsidiaries	**70,726**	160,000
	11,312,810	6,253,199

The Group allows an average credit period of 90 days to trade customers. The aged analysis of trade receivables, before allowance for credit losses, is based on invoice date and stated below:

	2019 **RMB'000**	2018 RMB'000
Within 90 days	**537,955**	548,217
91–180 days	**131,557**	55,317
181–365 days	**129,033**	125,062
Over 365 days	**342,667**	250,906
Trade receivables	**1,141,212**	979,502

Included in other receivables were advances to third parties of RMB3,080,667,000 (2018: RMB1,112,232,000) as at 31 December 2019. The advances are interest free, unsecured and expected to be recovered within one year except for RMB1,566,672,000 (2018: RMB nil) which carries interest at 6%-15% (2018: nil) per annum, is unsecured and is expected to be recovered within one year. The Group has concentration of credit risk as 75% (2018: 46%) of the total advances to third parties was due from the five largest counterparties.

Other receivables, other than advances to third parties which were mainly earnest money for potential projects, are repayable on demand. Prepayments and deposits are expected to be recovered after more than 12 months.

Details of impairment assessment of trade and other receivables are set out in note 49.

29. Contract Assets

	2019 RMB'000	2018 RMB'000
Design and decoration (note)	**2,157,885**	1,632,114
Project management (note)	**299,394**	254,971
Construction	**375,044**	–
Less: allowance for credit losses	**(17,316)**	–
Contract assets, net of allowance for credit losses	**2,815,007**	1,887,085

Note: The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on the Group's future performance in achieving specified milestones stipulated in the relevant contracts at the reporting date on design and decoration, project management service and construction service. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically transfer the contract assets to trade receivables when the relevant revenue is billed.

Details of impairment assessment are set out in note 49.

30. Bank Balances and Cash/Pledged Bank Deposits

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. Bank balances carry interest at market rates which range from 0.3% to 3.7% (2018: 0.3% to 4.2%) per annum.

Pledged bank deposits represent deposits pledged to banks to secure short-term banking facilities granted to the Group. The pledged bank deposits carry interest at fixed rates which range from 0.3% to 2.75% (2018: 0.3% to 2.75%) per annum.

As at 31 December 2019, the Group had bank balances and cash (including pledged bank deposits) denominated in Renminbi amounting to RMB50,096,776,000 (2018: RMB44,100,652,000). Renminbi is not freely convertible into other currencies.

Bank balances and cash/pledged bank deposits that are denominated in currencies other than the functional currency of the respective group entities are set out below:

	HKD RMB'000	**USD** RMB'000
As at 31 December 2019	**31,463**	**1,766,251**
As at 31 December 2018	11,357	4,107,123

31. Disposal Group Classified as Held for Sale

On 30 September 2019, the directors of Greentown Management Holdings Company Limited, a wholly-owned subsidiary of the Company, resolved to dispose of Zhejiang Greentown Landscape Garden Project Co., Ltd. and Zhejiang Greentown Public City Garden Construction Co., Ltd. Negotiation with interested party have subsequently taken place. The assets and liabilities attributable to the business, which are expected to be sold within 12 months, have been classified as a disposal group held for sale and are separately presented in the consolidated statement of financial position. The net proceeds of disposal are expected to exceed the net carrying amount of the relevant assets and liabilities and accordingly, no impairment loss has been recognised.

The major classes of assets and liabilities classified as held for sale are as follows:

	2019 RMB'000
Property, plant and equipment	**4,216**
Deferred tax assets	**774**
Right-of-use assets	**730**
Inventories	**4,761**
Trade and other receivables deposits and prepayments	**25,025**
Amounts due from related parties	**47,850**
Bank balances and cash	**12,391**
Assets classified as held for sale	**95,747**
Trade and other payables	**60,258**
Contract liabilities	**482**
Amounts due to related parties	**8,762**
Income taxes payable	**140**
Lease liabilities	**767**
Liabilities associated with assets classified as held for sale	**70,409**

32. Trade and Other Payables

The aged analysis of trade payables is stated as follows:

	2019 **RMB'000**	2018 RMB'000
Within 180 days	**24,376,904**	17,939,977
181–365 days	**4,524,362**	1,740,674
Over 365 days	**2,280,819**	1,680,180
Trade payables	**31,182,085**	21,360,831
Other payables and accrued expenses	**12,174,941**	7,924,311
Consideration payables on acquisition of associates	**96,307**	–
	43,453,333	29,285,142

Trade payables and other payables principally comprise amounts outstanding for trade purposes and ongoing costs.

33. Contract Liabilities

	2019 **RMB'000**	2018 RMB'000
Sales of properties (note)	**76,324,981**	66,266,875

RMB45,170,698,000 was recognised as revenue during the year which was included in contract liabilities as at 31 December 2018 (as at 1 January 2018: RMB39,439,870,000).

Note: The Group receives 20%-80% of the contract value as deposits from customers when they sign the sale and purchase agreement. However, depending on market conditions, the Group may offer customers a discount compared to the listed sales price, provided that the customers agree to pay the balance of the consideration early while construction is still ongoing. The deposits and advance payment schemes result in contract liabilities being recognized throughout the property construction period until the customer obtains control of the completed property.

34. Bank and Other Borrowings

	2019 RMB'000	2018 RMB'000
Secured bank loans (note 45)	**39,518,402**	28,501,377
Unsecured bank loans	**15,560,289**	14,125,008
	55,078,691	42,626,385
Secured other loans (note 45)	**2,119,000**	1,524,167
Unsecured other loans	**2,395,482**	5,490,800
	4,514,482	7,014,967
	59,593,173	49,641,352

	2019 RMB'000	2018 RMB'000
Carrying amount repayable*:		
Within one year	**13,950,984**	13,482,996
More than one year, but not exceeding two years	**16,938,008**	13,797,084
More than two years, but not exceeding three years	**18,032,153**	17,312,871
More than three years, but not exceeding four years	**5,061,897**	931,198
More than four years, but not exceeding five years	**2,035,911**	1,342,238
More than five years	**3,574,220**	2,774,965
	59,593,173	49,641,352
Less: Amounts due within one year shown under current liabilities	**13,950,984**	13,482,996
Amounts shown under non-current liabilities	**45,642,189**	36,158,356

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

Bank and other borrowings can be further analysed as follows:

	2019 RMB'000	2018 RMB'000
Fixed-rate	**17,609,777**	9,199,900
Variable-rate	**41,983,396**	40,441,452
	59,593,173	49,641,352

34. Bank and Other Borrowings (continued)

Interest on variable-rate bank and other borrowings is based on:

	2019 RMB'000	2018 RMB'000
The People's Bank of China benchmark rate	**30,932,002**	30,081,987
London Interbank Offered Rate	**8,526,584**	7,699,922
Hong Kong Interbank Offered Rate	**2,524,810**	2,659,543
	41,983,396	40,441,452

The average effective interest rates were as follows:

	2019	2018
Bank loans	**5.08%**	4.98%
Other loans	**6.56%**	6.53%

Bank and other borrowings that are denominated in currencies other than the functional currency of the respective group entities are set out below:

	HKD RMB'000	USD RMB'000
As at 31 December 2019	**2,524,810**	**8,627,739**
As at 31 December 2018	2,659,543	7,699,922

At the end of the reporting period, certain bank loans are guaranteed by the following companies:

	2019 RMB'000	2018 RMB'000
Secured bank loans:		
Non-controlling shareholders of subsidiaries	**2,857,153**	2,583,695

35. Senior Notes

2015 USD Notes – Unsecured

On 11 August 2015, the Company issued senior notes with an aggregate principal amount of USD500,000,000, comprised of (i) notes in the aggregate principal amount of USD429,698,000 (the "New Notes") which were issued pursuant to the exchange offer memorandum dated 20 July 2015 in relation to the exchange of the 2018 USD Notes (as defined in Group's 2016 consolidated financial statements and fully repaid in 2016) and the 2019 USD Notes into new USD senior notes due 2020 and (ii) notes in the aggregate principal amount of USD70,302,000 (the "Additional New Notes") which formed a single series with and have the same terms and conditions as the new USD senior notes due 2020 (collectively, the "2015 USD Notes").

The 2015 USD Notes were issued at 100% of face value and carried interest at the rate of 5.875% per annum payable semi-annually in arrears. The net proceeds raised from the Additional New Notes, after deducting subscription discounts for odd lot of notes and subtracting expenses related to the issuance of the 2015 USD Notes, was approximately USD62,861,000 (approximately RMB391,611,000). The 2015 USD Notes will mature on 11 August 2020.

The principal terms of 2015 USD Notes are disclosed in the Group's 2015 consolidated financial statements.

The 2015 USD Notes contain a liability component and an issuer's early redemption option:

(i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

The interest charged for the year is calculated by applying an effective interest rate of approximately 6.23% per annum to the liability component since the senior notes were issued.

(ii) Early redemption option is regarded as an embedded derivative not closely related to the host contract. The directors consider that the fair value of the early redemption options as at 31 December 2019 is insignificant (as at 31 December 2018: nil).

The movements of 2015 USD notes during the year are set out below:

	RMB'000
At 1 January 2019	3,355,113
Exchange realignment	58,792
Interest charged during the year	250,209
Interest paid during the year	(125,158)
At 31 December 2019	**3,538,956**

35. Senior Notes (continued)

2019 USD Notes – Unsecured

On 13 November 2019, the Company issued senior notes with an aggregate principal amount of USD600,000,000 at 100% of face value (the "2019 USD Notes"), which are listed on the Stock Exchange. The 2019 USD Notes carry interest at the rate of 4.55% per annum payable semi-annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to approximately USD597,960,000 (approximately RMB4,187,275,000). The 2019 USD Notes will mature on 10 November 2020.

The principal terms of the 2019 USD Notes are as follows:

The 2019 USD Notes are:

(i) general obligations of the Company;

(ii) senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the 2019 USD Notes;

(iii) at least pari passu in right of payment with the 2019 USD Notes all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsubordinated indebtedness pursuant to applicable law);

(iv) guaranteed by certain offshore subsidiaries of the Company, on a senior basis, subject to certain limitations;

(v) effectively subordinated to secured obligations of the Company, and its subsidiaries guaranteeing the 2019 USD Notes, to the extent of the value of the assets serving as security therefor; and

(vi) effectively subordinated to all existing and future obligations of the subsidiaries of the Company that do not guarantee the 2019 USD Notes.

At any time prior to 10 November 2020, the Company may redeem up to 35% of the 2019 USD Notes, at a redemption price of 104.55% of the principal amount, plus accrued and unpaid interest, if any, to the redemption date in each case, using the net cash proceeds from sales of certain equity offerings. In addition, the Company may redeem the 2019 USD Notes in whole but not in part, at any time, at a price equal to 100% of the principal amount of 2019 USD Notes plus (i) accrued and unpaid interest (if any) to the redemption date and (ii) a premium at a redemption price of 104.55%.

The 2019 USD Notes contain a liability component and an issuer's early redemption option:

(i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

The interest charged for the year is calculated by applying an effective interest rate of approximately 4.90% per annum to the liability component since the senior notes were issued.

(ii) Early redemption option is regarded as an embedded derivative not closely related to the host contract. The directors consider that the fair value of the early redemption options as at 31 December 2019 is insignificant.

35. Senior Notes (continued)

2019 USD Notes – Unsecured (continued)

The movements of 2019 USD notes during the year are set out below:

	RMB'000
Fair value at the dates of issuance	4,187,275
Exchange realignment	(15,786)
Interest charged during the year	27,859
Interest paid during the year	(25,922)
At 31 December 2019	**4,173,426**

The summary of movements of all senior notes during the year is set out below:

	RMB'000
At 1 January 2019	3,355,113
Fair value at the dates of issuance	4,187,275
Exchange realignment	43,006
Interest charged during the year	278,068
Interest paid during the year	(151,080)
At 31 December 2019	**7,712,382**

36. Corporate Debt Instruments

The summary of movements of corporate debt instruments during the year is set out below:

	RMB'000
At 1 January 2019	26,866,599
Fair value at the date of issuance (note)	2,984,188
Interest charged during the year	1,386,900
Interest paid during the year	(600,423)
Principal repaid during the current year upon maturity	(4,000,000)
At 31 December 2019	**26,637,264**
Less: Amounts due within one year shown under current liabilities	**8,067,853**
Amounts puttable within one year shown under current liabilities	**3,575,995**
Amounts shown under non-current liabilities	**14,993,416**

Note:

2019 Corporate Bonds

On 22 January 2019, Greentown Real Estate Group Co., Ltd. (the "Issuer") issued the first tranche of corporate bonds with an aggregate principal amount of RMB500,000,000 at 100% of face value (the "2019 First Bonds"). The 2019 First Bonds carry interest at the rate of 3.98% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB496,113,000. The 2019 First Bonds will mature on 22 January 2024.

On 29 November 2019, the Issuer issued the second tranche of corporate bonds with an aggregate principal amount of RMB1,500,000,000 at 100% of face value comprising (i) RMB1,000,000,000 with a term of five years and an annual coupon rate of 3.78% (the "2019 Second Bonds"), and (ii) RMB500,000,000 with a term of seven years and an annual coupon rate of 4.34% (the "2019 Third Bonds"). The net proceeds, after deduction of direct issuance costs, amounted to RMB1,491,705,000. The 2019 Second Bonds and 2019 Third Bonds will mature on 29 November 2024 and 29 November 2026 receptively.

On 11 December 2019, the Issuer issued the third tranche of corporate bonds with an aggregate principal amount of RMB500,000,000 at 100% of face value (the "2019 Fourth Bonds"). The Fourth 2019 Bonds carry interest at the rate of 3.61% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB497,340,000. The 2019 Fourth Bonds will mature on 11 December 2021.

The Issuer shall be entitled to adjust the coupon rate and the investors shall be entitled to sell back the 2019 First Bonds and the 2019 Second Bonds at the end of the third year, the 2019 Third Bonds at the end of the fifth year ("2019 Coupon Rate Adjustment Right").

36. Corporate Debt Instruments (continued)

Note: (continued)

2019 Corporate Bonds (continued)

The principal terms of the 2019 First Bonds, 2019 Second Bonds, 2019 Third Bonds and 2019 Fourth Bonds (collectively, the "2019 Corporate Bonds") are as follows:

(i) the 2019 First Bonds and the 2019 Second Bonds have fixed interest rate in the first three years. At the end of the third year, the Issuer has the right to adjust the coupon rate of the remaining outstanding bonds. If the Issuer choose to exercise the 2019 Coupon Rate Adjustment Right, the new fixed coupon rate for the remaining two years will be the coupon rate of the first three years plus adjusting basis points;

(ii) the investors of the 2019 First Bonds and the 2019 Second Bonds have option to sell back the bonds, in whole or in parts, at a redemption price equal to 100% of the principal amount of the bonds plus accrued and unpaid interest, if any, to (but not including) the redemption date when the Issuer issue the announcement concerning whether to adjust the coupon rate of the bonds at the end of the third year;

(iii) the 2019 Third Bonds has fixed interest rate in the first five years. At the end of the fifth year, the Issuer has the right to adjust the coupon rate of the remaining outstanding bonds. If the Issuer choose to exercise the 2019 Coupon Rate Adjustment Right, the new fixed coupon rate for the remaining two years will be the coupon rate of the first five years plus adjusting basis points;

(iv) the investors of the 2019 Third Bonds have option to sell back the bonds, in whole or in parts, at a redemption price equal to 100% of the principal amount of the bonds plus accrued and unpaid interest, if any, to (but not including) the redemption date when the Issuer issue the announcement concerning whether to adjust the coupon rate of the bonds at the end of the fifth year;

Further details of the 2019 Corporate Bonds are published on the website of the Shanghai Stock Exchange (www.sse.com.cn).

The 2019 Corporate Bonds contain a liability component and a written put option:

(i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms.

The interest charged for the year is calculated by applying an effective interest rate of approximately 3.98% per annum to the liability component since the corporate bonds were issued.

(ii) Written put option is regarded as an embedded derivative closely related to the economic characteristics and risks of the host contract, therefore, the written put option is not separated from the liability component.

As at 31 December 2019, the Group has had no plan nor intention to exercise the 2019 Coupon Rate Adjustment Right of the corporate bonds, therefore the interest expense for the interim period were calculated using the original coupon rates of the 2019 Corporate Bonds.

2019 Medium-term Notes

On 16 October 2019, the Issuer issued the medium-term notes with an aggregate principal amount of RMB500,000,000 at 100% of face value (the "2019 Medium-term Notes").The 2019 Medium-term Notes carry interest at the rate of 3.84% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB499,030,000. The 2019 Medium-term Notes will mature on 16 October 2022.

37. Receipts Under Securitisation Arrangements

On 3 November 2017, Greentown Real Estate issued receipts under securitisation arrangements (the "Receipts Under Securitisation Arrangements") with an aggregate principal amount of RMB1,600,000,000 at 100% of face value comprising (i) RMB1,500,000,000 with a term of fixed annual coupon rate of 5.29% and provide distribution semi-annually (the "Senior Tranche Securities"), and (ii) RMB100,000,000 with a term of no annual coupon rate (the "Junior Tranche Securities"). The Receipts Under Securitisation Arrangements are listed on the Shanghai Stock Exchange. The net proceeds of the Receipts Under Securitisation Arrangements, after deduction of direct issuance costs, amounted to RMB1,590,140,000. Both Senior Tranche Securities and Junior Tranche Securities will mature on 21 July 2020.

The receipts under securitisation arrangements are assets backed securitisation collateralised by certain future trade receivables for the remaining receipts from sales of properties.

The movements of receipts under securitisation arrangements during the year are set out below:

	RMB'000
At 1 January 2019	1,595,196
Interest charged during the year	82,684
Interest paid during the year	(43,914)
At 31 December 2019	**1,633,966**

38. Share Capital

	Number of shares	**Share capital** HKD'000
Authorised		
Ordinary shares of HKD0.10 each At 31 December 2018 and 2019	10,000,000,000	1,000,000
Issued and fully paid		
Ordinary shares of HKD0.10 each At 31 December 2018	2,168,675,690	216,868
Exercise of share options	2,244,500	224
At 31 December 2019	**2,170,920,190**	**217,092**

	RMB'000
Shown on the consolidated statement of financial position	
As at 31 December 2019	**209,694**
As at 31 December 2018	209,501

All shares issued during the current year rank pari passu with other shares in issue in all respects.

39. Perpetual Securities

2014 USD Perpetual Securities

On 28 January 2014, Moon Wise Global Limited ("Moon Wise"), a wholly-owned subsidiary of the Company, issued USD denominated subordinated perpetual capital securities (the "2014 USD Perpetual Securities") with an aggregate principal amount of USD500,000,000. The Company has agreed to guarantee on a subordinated basis the due payment of all sums expressed to be payable by Moon Wise under the 2014 USD Perpetual Securities.

The principal terms of the 2014 USD Perpetual Securities are disclosed in the Group's 2014 consolidated financial statements.

On 28 January 2019, Moon Wise redeemed the 2014 USD Perpetual Securities with an outstanding principal of USD500,000,000 (approximately RMB3,394,479,000) in full face value and repaid all provided but not paid interest with an aggregate amount of USD522,500,000 (approximately RMB3,547,034,000).

2016 USD Perpetual Securities

On 22 April 2016, Apex Top Group Limited ("Apex Top"), a wholly-owned subsidiary of the Company, issued USD denominated senior perpetual capital securities callable 2019 (the "2016 USD Perpetual Securities") with an aggregate principal amount of USD400,000,000. The 2016 USD Perpetual Securities are unlisted, guaranteed by the Company, and benefit from a keepwell deed and deed of equity interest purchase undertaking provided by China Communications Construction Group (Limited) ("CCCG").

The principal terms of the 2016 USD Perpetual Securities are disclosed in the Group's 2016 consolidated financial statements.

On 22 April 2019, Apex Top redeemed the 2016 USD Perpetual Securities with an outstanding principal of USD400,000,000 (approximately RMB2,687,868,000) in full at face value and repaid all provided but not paid interest with an aggregate amount of USD411,000,000 (approximately RMB2,761,689,000).

2017 USD Perpetual Securities

On 19 July 2017, Wisdom Glory Group Limited ("Wisdom Glory"), a wholly-owned subsidiary of the Company, issued USD denominated guaranteed senior perpetual capital securities (the "2017 USD Perpetual Securities") with an aggregate principal amount of USD450,000,000. The Company has agreed to guarantee the due payment of all sums expressed to be payable by Wisdom Glory under the 2017 USD Perpetual Securities.

The principal terms of the 2017 USD Perpetual Securities are disclosed in the Group's 2017 consolidated financial statements.

39. Perpetual Securities (continued)

2018 USD Perpetual Securities

On 28 December 2018, Twinkle Lights Holdings Limited ("Twinkle Lights"), a wholly-owned subsidiary of the Company, issued USD denominated guaranteed senior perpetual capital securities (the "2018 USD Perpetual Securities") with an aggregate principal amount of USD500,000,000. The 2018 USD Perpetual Securities are unlisted, guaranteed by the Company, and also benefit from a keepwell deed and deed of equity interest purchase undertaking provided by CCCG.

The principal terms of the 2018 USD Perpetual Securities are disclosed in the Group's 2018 consolidated financial statements.

2019 First USD Perpetual Securities

On 8 February 2019, Champion Sincerity Holdings Limited ("Champion Sincerity"), a wholly-owned subsidiary of the Company, issued USD denominated guaranteed senior perpetual capital securities (the "2019 First USD Perpetual Securities") with an aggregate principal amount of USD400,000,000. The Company has agreed to guarantee on a subordinated basis the due payment of all sums expressed to be payable by Champion Sincerity under the 2019 First USD Perpetual Securities.

Under the terms and conditions of the 2019 First USD Perpetual Securities (the "2019 First USD Perpetual Securities T&Cs"), the holders of the 2019 First USD Perpetual Securities ("2019 First USD Perpetual Securities Holders") have a right to receive distribution at the applicable distribution rate from 8 February 2019 semi-annually in arrears. The distribution rate shall be (i) in respect of the period from, and including, 8 February 2019 to, but excluding, 8 February 2022, Initial Distribution Rate (as defined in the 2019 First USD Perpetual Securities T&Cs); and (ii) in respect of the periods (A) from, and including, 8 February 2022 to, but excluding, the immediately following Reset Date and (B) from, and including, each Reset Date falling after 8 February 2022 to, but excluding, the immediately following Reset Date, the Relevant Reset Distribution Rate (as defined in the 2019 First USD Perpetual Securities T&Cs). A "Reset Date" is defined as each day falling every 3 calendar years after 8 February 2022.

Champion Sincerity may at its sole discretion elect to defer any scheduled distribution to the next distribution payment date by giving prior written notice to the 2019 First USD Perpetual Securities Holders in accordance with the 2019 First Perpetual Securities T&Cs. Champion Sincerity may further defer any arrears of distribution following the notice requirement in accordance with the 2019 First USD Perpetual Securities T&Cs and is not subject to any limits as to the number of times distributions and arrears of distribution can be deferred but unless and until (i) Champion Sincerity or the Company satisfies in full all outstanding arrears of distribution and any additional distribution amount or (ii) it is permitted by a resolution passed by a majority of not less than three quarters of the votes casted at a duly convened meeting of 2019 First USD Perpetual Securities Holders, each of Champion Sincerity and the Company shall not (i) declare or pay any dividends, distributions or make payment on, and will procure that no dividend or other payment is made on any class of the share capital or other junior securities of Champion Sincerity and the Company (as applicable); or (ii) redeem, reduce, cancel, buy-back or acquire for any consideration any class of the share capital or other junior securities of Champion Sincerity and the Company, save that such restriction shall not apply to a repurchase or other acquisition of any securities in respect of an employee benefit plan or similar arrangement with or for the benefit of employees, officers, directors or consultants.

39. Perpetual Securities (continued)

2019 Second USD Perpetual Securities

On 8 February 2019, Champion Sincerity issued USD denominated guaranteed senior perpetual capital securities (the "2019 Second USD Perpetual Securities") with an aggregate principal amount of USD100,000,000. The Company has agreed to guarantee on a subordinated basis the due payment of all sums expressed to be payable by Champion Sincerity under the 2019 Second USD Perpetual Securities.

Under the terms and conditions of the 2019 Second USD Perpetual Securities (the "2019 Second USD Perpetual Securities T&Cs"), the holders of the 2019 Second USD Perpetual Securities ("2019 Second USD Perpetual Securities Holders") have a right to receive distribution at the applicable distribution rate from 8 February 2019 semi-annually in arrears. The distribution rate shall be (i) in respect of the period from, and including, 8 February 2019 to, but excluding, 8 February 2022, Initial Distribution Rate (as defined in the 2019 Second USD Perpetual Securities T&Cs); and (ii) in respect of the periods (A) from, and including, the 8 February 2022 to, but excluding, the immediately following Reset Date and (B) from, and including, each Reset Date falling after the 8 February 2022 to, but excluding, the immediately following Reset Date, the Relevant Reset Distribution Rate (as defined in the 2019 Second USD Perpetual Securities T&Cs). A "Reset Date" is defined as each day falling every 3 calendar years after 8 February 2022.

Champion Sincerity may at its sole discretion elect to defer any scheduled distribution to the next distribution payment date by giving prior written notice to the 2019 Second USD Perpetual Securities Holders in accordance with the 2019 Second USD Perpetual Securities T&Cs. Champion Sincerity may further defer any arrears of distribution following the notice requirement in accordance with the 2019 Second USD Perpetual Securities T&Cs and is not subject to any limits as to the number of times distributions and arrears of distribution can be deferred but unless and until (i) Champion Sincerity or the Company satisfies in full all outstanding arrears of distribution and any additional distribution amount or (ii) it is permitted by a resolution passed by a majority of not less than three quarters of the votes casted at a duly convened meeting of 2019 Second USD Perpetual Securities Holders, each of Champion Sincerity and the Company shall not (i) declare or pay any dividends, distributions or make payment on, and will procure that no dividend or other payment is made on any class of the share capital or other junior securities of Champion Sincerity and the Company (as applicable); or (ii) redeem, reduce, cancel, buy-back or acquire for any consideration any class of the share capital or other junior securities of Champion Sincerity and the Company, save that such restriction shall not apply to a repurchase or other acquisition of any securities in respect of an employee benefit plan or similar arrangement with or for the benefit of employees, officers, directors or consultants.

2018 First Domestic Perpetual Securities

On 26 October 2018, Greentown Real Estate issued listed and unsecured domestic perpetual securities (the "2018 First Domestic Perpetual Securities") with an aggregate principal amount of RMB1,400,000,000.

The principal terms of the 2018 First Domestic Perpetual Securities are disclosed in the Group's 2018 consolidated financial statements.

39. Perpetual Securities (continued)

2018 Second Domestic Perpetual Securities

On 3 December 2018, Greentown Real Estate issued listed and unsecured domestic perpetual securities (the "2018 Second Domestic Perpetual Securities") with an aggregate principal amount of RMB2,000,000,000.

The principal terms of the 2018 Second Domestic Perpetual Securities are disclosed in the Group's 2018 consolidated financial statements.

2019 First Domestic Perpetual Securities

On 29 January 2019, Greentown Real Estate issued listed and unsecured domestic perpetual securities (the "2019 First Domestic Perpetual Securities") with an aggregate principal amount of RMB2,000,000,000.

Under the terms and conditions of the 2019 First Domestic Perpetual Securities (the "2019 First Domestic Perpetual Securities T&Cs"), the holders of the 2019 First Domestic Perpetual Securities have a right to receive distribution at the applicable distribution rate from 29 January 2019 annually in arrears. The distribution rate shall be (i) in respect of the period from, and including, 29 January 2019 to, but excluding, 29 January 2022, Initial Distribution Rate (as defined in the 2019 First Domestic Perpetual Securities T&Cs); and (ii) in respect of the periods from, and including, each Reset Date falling after 29 January 2019 to, but excluding, the immediately following Reset Date, the Relevant Reset Distribution Rate (as defined in the 2019 First Domestic Perpetual Securities T&Cs). A Reset Date is defined as each day falling every 3 calendar years after 29 January 2019.

Greentown Real Estate may at its sole discretion elect to defer any scheduled distribution to the next scheduled distribution payment date by giving prior written notice. Greentown Real Estate may further defer any arrears of distribution following the foregoing notice requirement and is not subject to any limits as to the number of times distributions and arrears of distribution can be deferred. Unless and until Greentown Real Estate satisfies in full all outstanding arrears of distribution and any additional distribution amount, Greentown Real Estate shall not declare or pay any dividends or reduce any share capital.

39. Perpetual Securities (continued)

2019 Second Domestic Perpetual Securities

On 24 April 2019, Greentown Real Estate issued listed and unsecured domestic perpetual securities (the "2019 Second Domestic Perpetual Securities") with an aggregate principal amount of RMB2,600,000,000.

Under the terms and conditions of the 2019 Second Domestic Perpetual Securities (the "2019 Second Domestic Perpetual Securities T&Cs"), the holders of the 2019 Second Domestic Perpetual Securities have a right to receive distribution at the applicable distribution rate from 24 April 2019 annually in arrears. The distribution rate shall be (i) in respect of the period from, and including, 24 April 2019 to, but excluding, 24 April 2022, Initial Distribution Rate (as defined in the 2019 Second Domestic Perpetual Securities T&Cs); and (ii) in respect of the periods from, and including, each Reset Date falling after 24 April 2019 to, but excluding, the immediately following Reset Date, the Relevant Reset Distribution Rate (as defined in the 2019 Second Domestic Perpetual Securities T&Cs). A Reset Date is defined as each day falling every 3 calendar years after 24 April 2019.

Greentown Real Estate may at its sole discretion elect to defer any scheduled distribution to the next scheduled distribution payment date by giving prior written notice. Greentown Real Estate may further defer any arrears of distribution following the foregoing notice requirement and is not subject to any limits as to the number of times distributions and arrears of distribution can be deferred. Unless and until Greentown Real Estate satisfies in full all outstanding arrears of distribution and any additional distribution amount, Greentown Real Estate shall not declare or pay any dividends or reduce any share capital.

2019 Third Domestic Perpetual Securities

On 19 June 2019 and 30 August 2019, Greentown Real Estate issued unlisted and unsecured domestic perpetual securities with an aggregate principal amount of RMB500,000,000 and RMB1,500,000,000 respectively (collectively the "2019 Third Domestic Perpetual Securities")

Under the terms and conditions of the 2019 Third Domestic Perpetual Securities (the "2019 Third Domestic Perpetual Securities T&Cs"), the holders of the 2019 Third Domestic Perpetual Securities have a right to receive distribution at the applicable distribution rate from 19 June 2019 quarterly in arrears. The distribution rate shall be (i) in respect of the period from, and including, 19 June 2019 to, but excluding, 19 June 2021, Initial Distribution Rate (as defined in the 2019 Third Domestic Perpetual Securities T&Cs); and (ii) in respect of the periods from, and including, each Reset Date falling after 19 June 2019 to, but excluding, the immediately following Reset Date, the Relevant Reset Distribution Rate (as defined in the 2019 Third Domestic Perpetual Securities T&Cs). A Reset Date is defined as each day falling every calendar year after 19 June 2020.

Greentown Real Estate may at its sole discretion elect to defer any scheduled distribution to the next scheduled distribution payment date by giving prior written notice. Greentown Real Estate may further defer any arrears of distribution following the foregoing notice requirement and is not subject to any limits as to the number of times distributions and arrears of distribution can be deferred. Unless and until Greentown Real Estate satisfies in full all outstanding arrears of distribution and any additional distribution amount, Greentown Real Estate shall not declare or pay any dividends or reduce any share capital.

39. Perpetual Securities (continued)

2019 Fourth Domestic Perpetual Securities

On 26 December 2019, Tianjin CCCG Greentown Urban Construction Development Co., Ltd. ("Tianjin CCCG Greentown") issued unlisted and unsecured domestic perpetual securities (the "2019 Fourth Domestic Perpetual Securities") with an aggregate principal amount of RMB1,014,326,000.

Under the terms and conditions of the 2019 Fourth Domestic Perpetual Securities (the "2019 Fourth Domestic Perpetual Securities T&Cs"), the holders of the 2019 Fourth Domestic Perpetual Securities have a right to receive distribution at the applicable distribution rate from 26 December 2019 annually in arrears. The distribution rate shall be (i) in respect of the period from, and including, 26 December 2019 to, but excluding, 26 December 2021, Initial Distribution Rate (as defined in the 2019 Fourth Domestic Perpetual Securities T&Cs); and (ii) in respect of the periods from, and including, each Reset Date falling after 26 December 2019 to, but excluding, the immediately following Reset Date, the Relevant Reset Distribution Rate (as defined in the 2019 Fourth Domestic Perpetual Securities T&Cs). A Reset Date is defined as each day falling every calendar year after 26 December 2020.

Tianjin CCCG Greentown may at its sole discretion elect to defer any scheduled distribution to the next scheduled distribution payment date by giving prior written notice. Tianjin CCCG Greentown may further defer any arrears of distribution following the foregoing notice requirement and is not subject to any limits as to the number of times distributions and arrears of distribution can be deferred. Unless and until Tianjin CCCG Greentown satisfies in full all outstanding arrears of distribution and any additional distribution amount, Tianjin CCCG Greentown shall not declare or pay any dividends or reduce any share capital.

As the 2014 USD Perpetual Securities, 2016 USD Perpetual Securities, 2017 USD Perpetual Securities, 2018 USD Perpetual Securities, 2019 First USD Perpetual Securities, 2019 Second USD Perpetual Securities, 2018 First Domestic Perpetual Securities, 2018 Second Domestic Perpetual Securities, 2019 First Domestic Perpetual Securities, 2019 Second Domestic Perpetual Securities, 2019 Third Domestic Perpetual Securities and 2019 Fourth Domestic Perpetual Securities only impose contractual obligations on the Group to repay principal or to pay any distributions under certain circumstances which are at the Group's discretion, they have in substance confer the Group an unconditional right to avoid delivering cash or other financial asset to settle contractual obligations, therefore they do not meet the definition for classification as financial liabilities under IFRS 9 and are treated as equity.

In the current year, the total interest in perpetual securities recognised as distribution is RMB1,638,650,000. The weighted average interest rate in perpetual securities is 6.65% as at 31 December 2019.

40. Acquisition of Subsidiaries

Particulars of the subsidiaries acquired during 2019 were as follows:

Acquired company	Principal activities	Acquisition date	Equity interest acquired	Consideration RMB'000
山東東城置業有限公司 Shandong Dongcheng (Note (i))	Real estate development	21 February 2019	51%	397,968
山東綠城青和建築設計有限公司 Shandong Greentown Qinghe Architectural Design Co., Ltd. ("Shandong Qinghe") (Note (ii))	Design and decoration	6 March 2019	51%	–
北京東部綠城置業有限公司 Beijing Eastern (Note (iii))	Real estate development	22 April 2019	51%	45,262
蘇州悦順房地產開發有限公司 Suzhou Yueshun Real Estate Development Co., Ltd. ("Suzhou Yueshun") (Note (iv))	Real estate development	29 October 2019	40%	760,000
大連金石葡萄酒莊有限公司 Dalian Jinshi Wineyard Co., Ltd ("Dalian Jinshi Wineyard") (Note (v))	Real estate development	13 December 2019	60%	169,707
杭州昌榮商務信息諮詢有限公司 Hangzhou Changrong (Note (vi))	Investment holding	17 December 2019	100%	192,209
大連建中置業有限公司 Dalian Jianzhong Real Estate Co., Ltd. ("Dalian Jianzhong") (Note (vii))	Real estate development	29 November 2019	51%	–
				1,565,146

40. Acquisition of Subsidiaries (continued)

Particulars of the subsidiaries acquired during 2019 were as follows: (continued)

Notes:

(i) Greentown Real Estate acquired 51% equity interests of Shandong Dongcheng so as to continue the expansion of the Group's property development operation. Shandong Dongcheng was previously a 49%-owned joint venture of the Group.

(ii) Greentown Real Estate Project Management Group Co., Ltd. ("Greentown Real Estate Project Management Group"), a wholly-owned subsidiary of the Company, obtained 51% equity interest of Shandong Qinghe by capital injection of RMB3,120,000 so as to continue the expansion of the Group's design and decoration operation.

(iii) Beijing Greentown Investment Co., Ltd., a wholly-owned subsidiary of the Company, acquired 51% equity interests of Beijing Eastern so as to continue the expansion of the Group's property development operation. Beijing Eastern was previously a 49%-owned associate of the Group.

(iv) Shanghai Misheng Real Estate Development Co., Ltd., a subsidiary of the Company, acquired 40% equity interest of Suzhou Yueshun so as to continue the expansion of the Group's property development operation. Suzhou Yueshun was previously a 35%-owned associate of the Group.

(v) Beijing Woyi Real Estate Co., Ltd., a wholly-owned subsidiary of the Company, acquired 60% equity interests of Dalian Jinshi Wineyard so as to continue the expansion of the Group's property development operation.

(vi) Greentown Real Estate acquired 100% equity interest of Hangzhou Changrong so as to continue the expansion of the Group's property development operation. Hangzhou Zhenmao Investment Co., Ltd. and Hangzhou Greentown Wangxi are the associates of Hangzhou Changrong, therefore were also acquired by the Group. Hangzhou Zhenmao and Hangzhou Greentown Wangxi were previously 20%-owned associates of the Group.

(vii) Beijing Xinyi Real Estate Development Co., Ltd, a wholly-owned subsidiary of the Company, obtained 51% equity interests of Dalian Jianzhong by capital injection of RMB5,100,000 so as to continue the expansion of the Group's property development operation.

40. Acquisition of Subsidiaries (continued)

Particulars of the subsidiaries acquired during 2018 were as follows:

Acquired company	Principal activities	Acquisition date	Equity interest acquired	Consideration RMB'000
濟南東創置業有限公司 Ji'nan Dongchuang Real Estate Co., Ltd. ("Ji'nan Dongchuang") (Note (i))	Real estate development	1 January 2018	–	–
西安國際陸港文遠置業有限公司 Xi'an International Land Port Wenyuan Real Estate Co., Ltd. ("Xi'an Wenyuan") (Note (ii))	Real estate development	5 January 2018	51%	235,056
德清青城房地產開發有限公司 Deqing Qingcheng Real Estate Development Co., Ltd. ("Deqing Qingcheng") (Note (iii))	Real estate development	8 January 2018	90%	445,000
杭州碩櫟投資管理有限公司 Hangzhou Shuoli Investment Management Co., Ltd. ("Hangzhou Shuoli") (Note (iv))	Investment Holding	16 March 2018	100%	100
餘姚綠潤投資有限公司 Yuyao Lvrun Investment Co., Ltd. ("Yuyao Lvrun") (Note (iv))	Investment Holding	16 March 2018	93%	–
餘姚綠城房地產開發有限公司 Yuyao Greentown Real Estate Development Co., Ltd. ("Yuyao Greentown") (Note (iv))	Real estate development	16 March 2018	53%	–
西安國際陸港文廣置業有限公司 Xi'an International Land Port Wenguang Real Estate Co., Ltd. ("Xi'an Wenguang") (Note (v))	Real estate development	18 April 2018	51%	–
杭州西溪山莊房地產開發有限公司 Hangzhou Xixi Villa Real Estate Development Co., Ltd. ("Hangzhou Xixi") (Note (vi))	Real estate development	30 July 2018	30%	26,760
舟山綠城海盛置業發展有限公司 Zhoushan Greentown Haisheng Real Estate Development Co., Ltd. ("Zhoushan Greentown Haisheng") (Note (vii))	Real estate development	7 August 2018	49%	49,000
				755,916

40. Acquisition of Subsidiaries (continued)

Particulars of the subsidiaries acquired during 2018 were as follows: (continued)

Notes:

(i) Shandong Greentown Investment Real Estate Co., Ltd., a wholly-owned subsidiary of the Company, obtained control over Ji'nan Dongchuang by entering into the acting in concert agreement with another shareholder which held 50% equity interests of Ji'nan Dongchuang so as to continue the expansion of the Group's property development operation. Ji'nan Dongchuang was previously a 50%-owned joint venture of the Group.

(ii) Xi'an Greentown Gangcheng Real Estate Development Co., Ltd. ("Xi'an Greentown Gangcheng"), a wholly-owned subsidiary of the Company, acquired 51% equity interests of Xi'an Wenyuan so as to continue the expansion of the Group's property development operation.

(iii) Greentown Ideal Town Construction Group Co., Ltd., a wholly-owned subsidiary of the Company, acquired 90% equity interests of Deqing Qingcheng so as to continue the expansion of the Group's property development operation.

(iv) Zhejiang Greentown Real Estate Investment Co., Ltd., a wholly-owned subsidiary of the Company, acquired 100% equity interest of Hangzhou Shuoli so as to continue the expansion of the Group's property development operation. Yuyao Lvrun and Yuyao Greentown are the subsidiaries of Hangzhou Shuoli, therefore were also acquired by the Group. Yuyao Greentown was previously a 47%-owned joint venture of the Group and the Group owned 7.5% equity interests of Yuyao Lvrun and accounted it as available-for-sale investments in prior periods.

(v) Xi'an Greentown Gangcheng obtained 51% equity interests of Xi'an Wenguang so as to continue the expansion of the Group's property development operation.

(vi) Hangzhou Nuozhen Investment Co., Ltd., a wholly-owned subsidiary of the Company, acquired 30% equity interest of Hangzhou Xixi so as to continue the expansion of the Group's property development operation. Hangzhou Xixi was previously a 50%-owned joint venture of the Group.

(vii) Zhoushan Greentown Real Estate Development Co., Ltd., a wholly-owned subsidiary of the Company, acquired 49% equity interest of Zhoushan Greentown Haisheng so as to continue the expansion of the Group's property development operation. Zhoushan Greentown Haisheng was previously a 51%-owned joint venture of the Group.

40. Acquisition of Subsidiaries (continued)

A summary of the effects of the acquisition of these subsidiaries is as follows:

	Suzhou Yueshun RMB'000	Other companies RMB'000	**2019 Total RMB'000**	2018 Total RMB'000
Net assets acquired:				
Property, plant and equipment	25	1,000	**1,025**	3,105
Interest in associates	–	148,977	**148,977**	–
Prepaid lease payments	–	–	**–**	3,088
Deferred tax assets	457	24,758	**25,215**	194,984
Properties for development	–	599,610	**599,610**	4,822,396
Properties under development	3,365,325	2,873,593	**6,238,918**	8,851,652
Completed properties for sale	–	93,983	**93,983**	185,847
Trade and other receivables, deposits and prepayments	614	227,368	**227,982**	637,098
Contract assets and contract costs	–	–	**–**	46,374
Amounts due from related parties	–	781,311	**781,311**	5,197,392
Prepaid income taxes	–	59	**59**	278,296
Prepaid other taxes	41	5,829	**5,870**	514,896
Bank balances and cash	65,819	259,742	**325,561**	770,327
Trade and other payables	(621)	(486,641)	**(487,262)**	(2,859,175)
Contract liabilities	–	(10,863)	**(10,863)**	(11,674,079)
Amounts due to related parties	(1,530,931)	(1,597,598)	**(3,128,529)**	(110,055)
Income taxes payable	–	(168,936)	**(168,936)**	(5,879)
Other taxes payable	(9)	(30)	**(39)**	(104,456)
Bank and other borrowings	–	(1,320,000)	**(1,320,000)**	(2,257,000)
Deferred tax liabilities	(720)	(81,171)	**(81,891)**	(1,428,101)
	1,900,000	1,350,991	**3,250,991**	3,066,710
Non-controlling interests	(475,000)	(119,996)	**(594,996)**	(1,252,070)
	1,425,000	1,230,995	**2,655,995**	1,814,640
Less:				
Transferred from interests previously held and classified as joint ventures	(665,000)	(382,362)	**(1,047,362)**	(367,954)
Transferred from interests previously held and classified as investments in equity instrument at FVTOCI	–	–	**–**	(4,418)
Gain on re-measurement of an associate and joint ventures to acquisition date fair value in business combination achieved in stages	–	(43,487)	**(43,487)**	(686,352)
	760,000	805,146	**1,565,146**	755,916

40. Acquisition of Subsidiaries (continued)

A summary of the effects of the acquisition of these subsidiaries is as follows: (continued)

	Suzhou Yueshun RMB'000	Other companies RMB'000	**2019 Total RMB'000**	2018 Total RMB'000
Total consideration, satisfied by:				
Cash	760,000	407,178	**1,167,178**	555,916
Consideration payables	–	397,968	**397,968**	200,000
	760,000	805,146	**1,565,146**	755,916
Net cash inflow arising on acquisition				
Cash paid	(760,000)	(407,178)	**(1,167,178)**	(320,860)
Bank balances and cash acquired	65,819	259,742	**325,561**	770,327
	(694,181)	(147,436)	**(841,617)**	449,467

The acquisition of the subsidiaries has been accounted for using the acquisition method. The effect of the acquisitions was presented together as the assets and liabilities acquired from Shandong Dongcheng, Shandong Qinghe, Beijing Eastern, Dalian Jinshi Wineyard, Hangzhou Changrong, Dalian Jianzhong, were not material in comparison to the assets and liabilities acquired from Suzhou Yueshun.

The receivables acquired (which principally comprised trade and other receivables, amounts due from related parties) with a fair value of RMB1,009,293,000 at the date of acquisition had gross contractual amounts of RMB1,009,293,000, which were expected to be fully collected.

The non-controlling interest recognised at the acquisition date was measured by reference to the proportionate share of the recognised amounts of net assets of subsidiaries and amounted to RMB594,996,000.

The subsidiaries contributed RMB89,019,000 in revenue to the Group between the date of acquisition and the end of the year.

The losses attributable to the subsidiaries amounted to RMB69,889,000 has been recognised in the Group's profit for the year between the date of acquisition and the end of the year. The profits attributable to the subsidiaries amounted to RMB17,543,000 has been recognised in the Group's profit for the year between the date of acquisition and the end of the year.

40. Acquisition of Subsidiaries (continued)

Had the acquisition of the subsidiaries been effected at 1 January 2019, the Group's revenue and profit for the year ended 31 December 2019 would have been RMB61,594,075,000 and RMB3,862,874,000.

Acquisition-related costs were immaterial and had been recognised as an expense in the current year, within the administrative expenses line item in the consolidated statement of profit or loss and other comprehensive income.

Analysis of the summary of effects of acquisition of subsidiaries in 2018 are set out in the Group's consolidated financial statements for the year ended 31 December 2018.

41. Disposal of Subsidiaries

In January 2019, the Group disposed of its 70% equity interests in Hangzhou Zhaolian to an independent third party for a cash consideration of RMB5,019,000. Guangzhou Lvzhen is a wholly-owned subsidiary of Hangzhou Zhaolian, therefore was also disposed by the Group. After the disposal, Hangzhou Zhaolian and Guangzhou Lvzhen were accounted for as associates of the Group.

In April 2019, the Group disposed of its 80% equity interests in Greentown Yonglong Decoration and Construction Co., Ltd. to an independent third party for a cash consideration of RMB93,220,000.

In May 2019, the Group's equity interest in Tianjin Jiayi was diluted from 100% to 33% due to capital injection by two independent third parties. After the deemed disposal, Tianjin Jiayi was accounted for as a joint venture of the Group.

In June 2019, the Group disposed of its 50% equity interests in Hangzhou Zhaozhen Investment Co., Ltd. ("Hangzhou Zhaozhen") to an independent third party for a cash consideration of RMB25,000,000. Hangzhou Greentown Yinhu Real Estate Development Co., Ltd. ("Hangzhou Yinhu") is a wholly-owned subsidiary of Hangzhou Zhaozhen, therefore was also disposed by the Group. After the disposal, Hangzhou Zhaozhen and Hangzhou Yinhu were accounted for as joint ventures of the Group.

In June 2019, the Group disposed of its 50% equity interests in Foshan Lvkang Real Estate Development Co., Ltd. ("Foshan Lvkang") to an independent third party for a cash consideration of RMB2,500,000. After the disposal, Foshan Lvkang was accounted for as a joint venture of the Group.

In August 2019, the Group's equity interest was diluted from 83.3% to 50% in Anhui Shunhong due to capital injection by an independent third parties. After the deemed disposal, Anhui Shunhong was accounted for as an associate of the Group.

In September 2019, the Group entered an agreement with other shareholders of Zhengjiang Greentown Lipu Design Co., Ltd. ("Greentown Lipu") to revise the article of association of Greentown Lipu. All parties agreed that a valid board resolution of Greentown Lipu requires two-third above approval from all directors. Three out of five directors of Greentown Lipu are appointed by the Group. Therefore, Greentown Lipu is accounted for as a joint venture afterwards.

41. Disposal of Subsidiaries (continued)

In February 2019, The Group obtained 50.98% equity interest of Shandong Qinghe. Four out of five directors of Shandong Qinghe are appointed by the Group, while a valid board resolution of Shandong Qinghe requires two-third above of directors' votes. Therefore, The Group can exercise control over Shandong Qinghe by appointing majority of the board of directors formerly. In September 2019, the Group entered an agreement with other shareholders of Shandong Qinghe to revise the article of association of Shandong Qinghe. All parties agreed that a valid board resolution of Shandong Qinghe requires unanimous approval from all directors. Four out of five directors of Shandong Qinghe are appointed by the Group. Therefore, Shandong Qinghe is accounted for as a joint venture afterwards.

In October 2019, the Group disposed all of its 80% equity interests in Xi'an Hongji Property Management Co., Ltd. ("Xi'an Hongji") to an independent third party for a cash consideration of RMB3,227,000.

In October 2019, the Group disposed of its 100% equity interests in Greentown Xiuli Countryside Investment Co., Ltd., ("Xiuli Countryside") to an independent individual for a consideration of RMB34,680,000. Xintai Greentown Gardening Development Co., Ltd. is a wholly-owned subsidiary of Xiuli Countryside therefore was also disposed by the Group.

In November 2019, the Group disposed of its 100% equity interests in Nanjing Greentown Real Estate Co., Ltd. ("Nanjing Greentown") to an independent third party for a consideration of RMB147,500,000.

In November 2019, the Group's equity interest was diluted from 100% to 50% in Hangzhou Zheda Development Co., Ltd. ("Hangzhou Zheda") due to capital injection by an independent third party. After the deemed disposal, Hangzhou Zheda was accounted for as an associate of the Group since it only holds 49% voting right. Ningbo Zheda Development Co., Ltd. is a wholly – owned subsidiary of Hangzhou Zheda, therefore was also disposed by the Group.

In November 2019, the Group disposed of its 2% equity interests in Hangzhou Greentown Cabinet Group Co., Ltd. ("Greentown Cabinet") to an individual for a cash consideration of RMB200,000. After the disposal, Greentown Cabinet was accounted for as an associate of the Group.

In November 2019, the Group ceased its partnership with Dalian Xinghaiwan Sport Center LLP for nil considerations, and resulted in an insignificant loss.

In December 2019, the Group disposed of its 67.5% equity interests in Fuzhou Lvrong to two independent third parties for nil considerations with nil gain or loss. After the disposal, Fuzhou Lvrong was accounted for as an associate of the Group.

In December 2019, the Group disposed of its 10% equity interests in Nanjing Greentown Property Co., Ltd. ("Nanjing Property") to a joint venture for a cash consideration of RMB50,000,000. After the disposal, Nanjing Property was accounted for as a joint venture of the Group.

41. Disposal of Subsidiaries (continued)

A summary of the effects of the disposal of these subsidiaries is as follows:

	2019 RMB'000
Net assets disposed of:	
Property, plant and equipment	16,306
Right-of-use Assets	25,080
Deferred tax assets	43,630
Property for development	2,889,488
Property under development	17,759,988
Property for sales	226,516
Inventories	97,378
Trade and other receivables, deposits and prepayments	258,523
Amounts due from related parties	678,050
Prepaid income taxes	34,993
Prepaid other taxes	216,124
Contract assets	80,216
Bank balances and cash	1,877,704
Contract liabilities	(2,036,495)
Trade and other payables	(2,311,637)
Amounts due to related parties	(13,094,607)
Income taxes payables	(36,115)
Other taxes payables	(9,291)
Bank borrowings	(5,901,000)
Deferred tax liability	(1,733)
Lease liabilities	(25,908)
	787,210
Transferred to interests held and classified as associates and joint ventures	(232,572)
Net gain on disposal of subsidiaries	98,269
Non-controlling interests	(291,561)
Total consideration	361,346
Satisfied by:	
Cash received	361,346
Net cash inflow arising on disposal:	
Cash received	213,619
Bank balances and cash disposed of	(1,877,704)
	(1,664,085)

42. Operating Leases

The Group as lessee

	2018 RMB'000
Minimum lease payments made under operating leases in respect of buildings during the year	156,467

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2018 RMB'000
Within one year	67,470
In the second to fifth year inclusive	133,453
After the fifth year	21,905
	222,828

At 31 December 2018, operating lease payments represent rentals payable by the Group for certain office premises. Leases are negotiated for a term ranging from 1 to 6 years with fixed rentals.

The Group as lessor

	2019 RMB'000	2018 RMB'000
Property investment rental income, net of negligible outgoings	**164,400**	85,496

42. Operating Leases (continued)

Minimum lease payments receivable on leases are as follows:

	2019
	RMB'000
Within one year	**206,367**
In the second year	**138,085**
In the third year	**68,761**
In the fourth year	**58,008**
In the fifth year	**53,478**
After five years	**363,056**
	887,755

The Group had contracted with tenants for the following future minimum lease payments:

	2018
	RMB'000
Within one year	127,159
In the second to fifth year inclusive	411,100
After the fifth year	316,803
	855,062

Property rental income represents rentals receivable by the Group. Leases are negotiated for a term ranging from 1 to 20 years with fixed rentals.

43. Commitments

	2019 **RMB'000**	2018 RMB'000
Commitments contracted for but not provided in the consolidated financial statements in respect of:		
Properties for development and properties under development and construction in progress	**30,768,717**	25,908,743

In addition to the above, the Group's share of the commitments of its joint ventures are as follows:

	2019 **RMB'000**	2018 RMB'000
Contracted for but not provided in respect of properties for development and properties under development and construction in progress	**2,923,622**	3,008,069

44. Share-Based Payment Transactions

2006 Share Option Scheme

The Company's 2006 share option scheme (the "2006 Share Option Scheme") was adopted pursuant to the shareholders' resolution passed on 22 June 2006 for the primary purpose of providing incentives and/or reward to directors and employees of the Group. The 2006 Share Option Scheme has been terminated upon adoption of the new share option scheme ("2016 Share Option Scheme") by ordinary resolution of shareholders of the Company at the annual general meeting of the Company held on 17 June 2016 ("Effective Date"). Upon termination of the 2006 Share Option Scheme, no further options of the 2006 Share Option Scheme can be offered thereunder but the provisions of the 2006 Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted prior to its termination and options granted prior to such termination shall continue to be valid and exercisable.

Share options granted under the 2006 Share Option Scheme may be exercised at any time from the date of grant of the share option to the expiry of the Share Option Scheme, unless otherwise specified in the Share Option Scheme. The exercise price is determined by the Board, and will not be less than the higher of (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average of the closing prices of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the shares.

44. Share-based Payment Transactions (continued)

2006 Share Option Scheme (continued)

Details of specific categories of options granted in 2009 are as follows:

	Date of grant	Vesting period	Exercise period	Exercise price	Fair value
2009A	22/1/2009	22/1/2009-21/1/2011	22/1/2009-21/1/2019	HK$2.89	HK$1.19
2009B	13/5/2009	13/5/2009-12/5/2012	13/5/2009-12/5/2019	HK$7.16	HK$3.41
2009C	22/6/2009	22/6/2009-21/6/2011	22/6/2009-21/6/2019	HK$11.00	HK$4.71
2009D	17/7/2009	17/7/2009-16/7/2011	17/7/2009-16/7/2019	HK$11.59	HK$4.17

The closing prices of the Company's shares on 22 January, 13 May, 22 June and 17 July 2009, the dates of grant, were HK$2.75, HK$7.16, HK$11.00 and HK$11.52 respectively.

The share options are exercisable during the following periods:

2009A
(i) up to 50% of the share options granted to each grantee from 22 January 2009;
(ii) up to 75% of the share options granted to each grantee at any time after the expiration of 12 months from 22 January 2009; and
(iii) all the remaining share options granted to each grantee at any time after the expiration of 24 months from 22 January 2009, and in each case, not later than 21 January 2019.

2009B
(i) up to 33% of the share options granted to each grantee from 13 May 2009;
(ii) up to 67% of the share options granted to each grantee at any time after the expiration of 24 months from 13 May 2009; and
(iii) all the remaining share options granted to each grantee at any time after the expiration of 36 months from 13 May 2009, and in each case, not later than 12 May 2019.

2009C
(i) up to 50% of the share options granted to each grantee from 22 June 2009;
(ii) up to 75% of the share options granted to each grantee at any time after the expiration of 12 months from 22 June 2009; and
(iii) all the remaining share options granted to each grantee at any time after the expiration of 24 months from 22 June 2009, and in each case, not later than 21 June 2019.

2009D
(i) up to 50% of the share options granted to each grantee from 17 July 2009;
(ii) up to 75% of the share options granted to each grantee at any time after the expiration of 12 months from 17 July 2009; and
(iii) all the remaining share options granted to each grantee at any time after the expiration of 24 months from 17 July 2009, and in each case, not later than 16 July 2019.

44. Share-based Payment Transactions (continued)

2006 Share Option Scheme (continued)

The estimated fair values of the 2009A, 2009B, 2009C and 2009D share options at their respective dates of grant are RMB39,173,000, RMB30,023,000, RMB168,173,000 and RMB55,132,000 respectively.

No expense was recognised in the profit or loss (2018: nil) in relation to share options granted under 2006 Share Option Scheme.

2016 Share Option Scheme

The Company's 2016 Share Option Scheme was adopted pursuant to an ordinary resolution of shareholders of the Company at the annual general meeting of the Company held on 17 June 2016 for the primary purpose of providing incentives to directors and eligible employees.

Under the Scheme, the total number of shares in respect of which share options may be granted under the 2016 Share Option Scheme is not permitted to exceed 10% of the Shares in issue at any point of time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which share options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares in issue at any point of time, without prior approval from the Company's shareholders. Share options granted to independent non-executive directors and substantial shareholders of the Company in excess of 0.1% of the Company's issued share capital and with a value in excess of HK$5,000,000 must be approved in advance by the Company's shareholders.

Share options shall only be exercised on a date on which the latest closing price per share as stated in the Stock Exchange's daily quotation sheets represents at least 30% above the exercise price and any shares under such share options shall only be issued on a date which the latest closing price per share as stated in the Stock Exchange's daily quotation sheets represents at least 30% above the exercise price. The exercise price is determined by the Board, and shall be at least the highest of (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average of the closing prices of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the shares.

On 27 December 2017, 100,000,000 share options under 2016 Share Option Scheme were granted to eligible parties, (among the options granted, 35,350,000 share options were granted to directors), representing 4.62% of the ordinary shares of the Company in issue at that date. On 28 August 2018, 8,900,000 share options under 2016 Share Option Scheme were granted to eligible parties, representing 0.41% of the ordinary shares of the Company in issue at that date.

44. Share-based Payment Transactions (continued)

2016 Share Option Scheme (continued)

Details of options granted on 27 December 2017 ("2017") are as follows:

	Vesting period	Exercisable period
The first 30% of the grant	From date of grant to the 1st anniversary	From the 1st anniversary to 26 December 2027
The second 30% of the grant	From date of grant to the 2nd anniversary	From the 2nd anniversary to 26 December 2027
The third 20% of the grant	From date of grant to the 3rd anniversary	From the 3rd anniversary to 26 December 2027
The fourth 10% of the grant	From date of grant to the 4th anniversary	From the 4th anniversary to 26 December 2027
The remaining 10% of the grant	From date of grant to the 5th anniversary	From the 5th anniversary to 26 December 2027

Details of options granted on 28 August 2018 ("2018") are as follows:

	Vesting period	Exercisable period
The first 30% of the grant	From date of grant to the 1st anniversary	From the 1st anniversary to 27 August 2028
The second 30% of the grant	From date of grant to the 2nd anniversary	From the 2nd anniversary to 27 August 2028
The third 20% of the grant	From date of grant to the 3rd anniversary	From the 3rd anniversary to 27 August 2028
The fourth 10% of the grant	From date of grant to the 4th anniversary	From the 4th anniversary to 27 August 2028
The remaining 10% of the grant	From date of grant to the 5th anniversary	From the 5th anniversary to 27 August 2028

The fair values were calculated using the Binomial model. The inputs into the model were as follows:

	The options granted on 27 December 2017	The options granted on 28 August 2018
Share price at the date of grant	HK$9.1	HK$7.8
Exercise price	HK$9.1	HK$8.326
Expected life	10 years	10 years
Expected volatility of the Company's share price	55.28%	54.81%
Expected dividend yield	4.33%	3.1%
Risk-free rates of interest	1.94%	2.201%
Exercise market condition	at least 30% above the exercise price	at least 30% above the exercise price

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 10 years. The expected dividend yield has taken into account the historical dividend yield of the Company. The risk-free interest rates are based on the yield curve fitted by market yields of the Hong Kong government bonds with similar duration to the expected life of the share option.

44. Share-based Payment Transactions (continued)

2016 Share Option Scheme (continued)

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the Directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

The estimated fair value of the options granted on 27 December 2017 was HK$358,000,000 (approximately RMB299,753,000). The estimated fair value of the options granted on 28 August 2018 was HK$29,454,000 (approximately RMB25,534,000).

The Group has recognised the total expense of RMB42,763,000 (2018: RMB134,466,000) in the profit or loss in relation to share options granted under 2016 Share Option Scheme.

Share option movement

The following table discloses movements of the Company's share options held by directors and employees during the year:

Option type	Outstanding at 1/1/2019	Exercised during year	Forfeited during year	Outstanding at 31/12/2019
2009A	**2,060,000**	**(1,494,500)**	**(565,500)**	**–**
2009B	**3,359,000**	**(750,000)**	**(2,609,000)**	**–**
2009C	**29,100,500**	**–**	**(29,100,500)**	**–**
2017	**100,000,000**	**–**	**(41,150,000)**	**58,850,000**
2018	**8,900,000**	**–**	**–**	**8,900,000**
	143,419,500	**(2,244,500)**	**(73,425,000)**	**67,750,000**
Weighted average exercise price	**HK$9.30**	**HK$4.32**	**HK$9.74**	**HK$9.00**
Exercisable at the end of the year				**37,980,000**
Weighted average exercise price				**HK$9.05**

Option type	Outstanding at 1/1/2018	Granted during the year	Exercised during year	Forfeited during year	Outstanding at 31/12/2018
2009A	5,044,500	–	(2,984,500)	–	2,060,000
2009B	3,359,000	–	–	–	3,359,000
2009C	29,238,000	–	(113,000)	(24,500)	29,100,500
2009D	15,000,000	–	–	(15,000,000)	–
2017	100,000,000	–	–	–	100,000,000
2018	–	8,900,000	–	–	8,900,000
	152,641,500	8,900,000	(3,097,500)	(15,024,500)	143,419,500
Weighted average exercise price	HK$9.46	HK$8.33	HK$3.19	HK$11.59	HK$9.30
Exercisable at the end of the year					64,519,500
Weighted average exercise price					HK$9.66

44. Share-Based Payment Transactions (continued)

Share option movement (continued)

In respect of the share options exercised during the year, the weighted average share price at the dates of exercise is HK$6.44 (2018: HK$10.50).

HK$1.00 is payable for each acceptance of grant of share options. In addition, (i) in respect of the 2009A share options, certain grantees were required to pay an option premium of HK$1.00 per share option up front; and (ii) in respect of the 2009C share options, certain grantees were required to pay an option premium of HK$3.50 per share option in three annual instalments.

Share Award Scheme

On 21 March 2019, the Company adopted the share award scheme (the "Share Award Scheme"), pursuant to which the ordinary shares of the Company (the "Shares") to be awarded will be purchased by the trustee from the open market out of cash contributed by the Group and held on trust for the selected employees until such Shares are vested with the relevant selected employees in accordance with the provisions of the Share Award Scheme.

The purpose of the Share Award Scheme is to recognise and reward the contribution of the executives and employees (whether serving full-time or part-time) and directors of the Group to the growth and development of the Group through an award of the shares of the Company.

The Group has granted 7,414,000 shares to the employees and directors in the current year. The vesting period for the first 50% of the granted shares was from date of grant to the 1st anniversary of grant date and the vesting period for the second 50% of the granted shares was from date of grant to the 2nd anniversary of grant date.

The carrying amount of 7,414,000 shares repurchased on the Stock Exchange and held for the Share Award Scheme was RMB37,852,000 as at 31 December 2019. The Group has recognised the total expense of RMB15,760,000 in the profit or loss in relation to Shares granted under Share Award Scheme.

For the year ended 31 December 2019

45. Pledge of Assets

At the end of the reporting period, the following assets were pledged to banks and other parties to secure credit facilities granted to the Group:

	2019 RMB'000	2018 RMB'000
Property plant and equipment	**3,063,257**	2,632,015
Right-of-use assets	**360,381**	–
Prepaid lease payment	**–**	308,532
Properties for development	**2,504,272**	831,446
Properties under development	**81,984,914**	54,505,737
Completed properties for sale	**76,563**	793,258
Investment properties	**2,355,701**	2,423,938
Trade and other receivables, deposits and prepayments	**123,642**	500,000
Pledged bank deposits	**5,326,761**	4,871,831
Interests in associates	**72,355**	147,881
	95,867,846	67,014,638

46. Retirement Benefits Plans

The employees of the Group's subsidiaries in the PRC are members of the state-managed retirement benefits schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of payroll costs to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the specified contributions.

47. Contingent Liabilities

(i) Guarantees

The Group provided guarantees of RMB35,651,192,000 (2018: RMB33,937,731,000) at 31 December 2019 to banks in favour of its customers in respect of the mortgage loans provided by the banks to those customers for the purchase of the Group's developed properties. These guarantees provided by the Group to the banks will be released upon receiving the building ownership certificates of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted.

The Group also provided guarantees to banks and other parties in respect of credit facilities utilised by the following companies:

	2019 RMB'000	2018 RMB'000
Credit guarantees provided to:		
Associates	**8,199,419**	7,831,428
Joint ventures	**12,879,126**	8,338,367
	21,078,545	16,169,795

	2019 RMB'000	2018 RMB'000
Mortgage and charge guarantees provided to:		
Associates	**4,275,000**	175,000
Total	**25,353,545**	16,344,795

Contingent liabilities arising from interests in associates at the end of the reporting period:

	2019 RMB'000	2018 RMB'000
Share of mortgage loan guarantees provided by associates to banks in favour of its customers	**2,170,782**	5,494,304

Contingent liabilities arising from interests in joint ventures at the end of the reporting period:

	2019 RMB'000	2018 RMB'000
Share of mortgage loan guarantees provided by joint ventures to banks in favour of its customers	**1,445,244**	1,076,336

The directors consider that the fair value of the above guarantees is insignificant on initial recognition and there was no loss allowance recognised for expected credit losses during the year 2019 and 2018.

For the year ended 31 December 2019

48. Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the borrowings disclosed in notes 34, 35, 36, 37 and 51(ii) (net of cash and cash equivalents), and capital and reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

49. Financial Instruments

(a) Categories of financial instruments

	2019 **RMB'000**	2018 RMB'000
Financial assets		
Financial assets at amortised cost	**109,075,041**	87,188,465
Equity instruments at FVTOCI	**1,511,985**	1,275,682
Financial liabilities		
Amortised cost	**167,059,031**	136,645,999

(b) Financial risk management objectives and policies

The Group's major financial instruments include equity instruments at FVTOCI, trade and other receivables, amounts due from related parties, pledged bank deposits, bank balances and cash, trade and other payables, amounts due to related parties, bank and other borrowings, corporate debt instruments, senior notes and receipts under securitisation arrangements. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. There has been no significant change in the Group's exposure to these risks or the manner in which it manages and measures risks.

49. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Market risk

(i) Currency risk

The Group has bank balances, equity instruments at FVTOCI, other receivables, amounts due from related parties, other payables, amounts due to related parties, bank and other borrowings and senior notes denominated in foreign currencies, which expose the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2019	2018	**2019**	2018
	RMB'000	RMB'000	**RMB'000**	RMB'000
Hong Kong dollars ("HKD")	**1,090,893**	741,519	**2,714,028**	2,788,659
United States dollars ("USD")	**5,680,369**	6,189,099	**16,501,216**	12,397,613

The Group does not use any derivative contracts to hedge against its exposure to currency risk. The management closely monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

Sensitivity analysis

The Group is mainly exposed to the fluctuations in exchange rates between RMB and HKD/USD. The exposure in HKD/USD arises mainly from the Group's bank balances and cash, equity instruments at FVTOCI, other receivables, other payables, bank and other borrowings, senior notes and amounts due from/to related parties.

The following table details the Group's sensitivity to a 5% (2018: 5%) increase and decrease in RMB against the relevant foreign currencies. 5% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. A positive (negative) number below indicates an increase (decrease) in post-tax profit and other comprehensive income where RMB strengthens 5% against the relevant currency. For a 5% weakening of RMB against the relevant currency, there would be an equal and opposite impact on post-tax profit and other comprehensive income.

	HKD Impact		USD Impact	
	2019	2018	**2019**	2018
	RMB'000	RMB'000	**RMB'000**	RMB'000
Profit or loss	**47,633**	104,149	**405,782**	232,819
Other comprehensive income (note)	**(52,938)**	(36,508)	**–**	–

Note: This is attributable to foreign currency exposure on listed equity instruments at FVTOCI.

For the year ended 31 December 2019

49. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank deposits, amounts due from/to related parties, bank and other borrowings, senior notes, corporate debt instruments and receipts under securitisation arrangements (see notes 30, 34, 35, 36, 37 and 51 for details).

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank deposits, amounts due from/to related parties and bank and other borrowings (see notes 30, 34 and 51 for details).

The Group does not use any derivative contracts to hedge against its exposure to interest rate risk.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to market deposit and lending interest rates for non-derivative instruments. For variable-rate bank deposits, bank and other borrowings and amounts due from/to related parties, the analysis is prepared assuming the balances outstanding at the end of the reporting period were outstanding for the whole year. A 5 basis point (2018: 5 basis point) increase or decrease in market deposit interest rates and a 50 basis point (2018: 50 basis point) increase or decrease in market lending interest rates represent management's assessment of the reasonably possible change in interest rates.

If the market deposit interest rates had been 5 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2019 would have increased/decreased by RMB19,460,000 (2018: increased/decreased by RMB16,691,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank deposits.

If the market lending interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2019 would have decreased/increased by RMB128,184,000 (2018: decreased/increased by RMB123,469,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank and other borrowings and amounts due from/to related parties.

49. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

(iii) Other price risk

The Group is exposed to equity price risk through its investments in listed equity securities in Hong Kong and unlisted equity securities. In addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the reporting date.

If the prices of the equity instruments had been 10% (2018: 10%) higher/lower, investments revaluation reserve would increase/decrease by RMB151,199,000 (2018: increase/decrease by RMB127,568,000).

Credit risk and impairment assessment

As at 31 December 2019 and 2018, the Group's maximum exposure to credit risk which will cause a financial loss to the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position and the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in note 47.

The Group's credit risk is primarily attributable to its trade receivables, other receivables, amounts due from related parties, pledged bank deposits, bank balances, contract assets and financial guarantee contracts.

Trade receivables and contract assets arising from contracts with customers

In order to minimise the credit risk, The Group has policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appropriate percentage of down payments. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on trade balances individually or based on provision matrix, as appropriate.

Other receivables

The credit risk of other receivables is managed through an internal process. The Group actively monitors the outstanding amounts owed by each debtor and uses past due information to assess whether credit risk has increased significantly since initial recognition.

49. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Amounts due from related parties

The credit risk of amounts due from related parties is managed through an internal process. The credit quality of each counterparty is investigated before an advance is made. The Group also actively monitors the outstanding amounts owed by each debtor and uses past due information to assess whether credit risk has increased significantly since initial recognition.

Bank balances and cash and pledged bank deposit

Cash deposits are mainly placed with state-owned financial institutions and reputable banks which are all high-credit-quality financial institutions, therefore the Group's credit risk on liquid funds is limited.

Contingent liabilities in relation to the financial guarantees

For properties that are still under construction, the Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of the properties. If a purchaser defaults on the payment of its mortgage during the term of the guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount under the loan and any accrued interest thereon. Under such circumstances, the Group is able to retain the customer's deposits and sell the property to recover any amounts paid by the Group to the bank. Unless the selling price drop significantly, which the probability is remote, the Group would not be in a loss position in selling those properties out. In this regard, the directors of the Company consider that the Group's credit risk in relation to financial guarantees from mortgage loans is largely mitigated.

The Group's concentration of credit risk by geographical locations is mainly in the PRC. Other than the concentration of credit risk on liquid funds which are deposited with several large state-owned banks and commercial banks in the PRC, the Group does not have any other significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

49. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The Group's internal credit risk grading assessment for trade receivables and contract assets comprises the following categories:

Internal credit rating	Description	Basis for recognition of expected credit loss provision
Low risk	The counterparty has a low risk of default or counterparty frequently repays after due dates but usually settle in full after due date.	Lifetime ECL – not credit impaired
Doubtful	The balances are 90 days past due, the Group considers that default has occurred.	Lifetime ECL – credit impaired
Loss	There is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written-off

The Group's internal credit risk grading assessment for other receivables and amounts due from related parties comprises the following categories:

Internal credit rating	Description	Basis for recognition of expected credit loss provision
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Low risk	Interest and/or principal repayments are 30 days past due, but the counterparty still has a strong capacity to meet contractual cash flows.	Lifetime ECL – not credit impaired
Watch list	Interest and/or principal repayments are 30 days past due, or the Group considers that there is significant increases in credit risk since initial recognition.	Lifetime ECL – not credit impaired
Doubtful	Interest and/or principal repayments are 90 days past due, the Group considers that default has occurred.	Lifetime ECL – credit impaired
Loss	There is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written-off

49. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The tables below detail the credit risk exposures of the Group's financial assets, contract assets and financial guarantee contracts which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	2019 Gross carrying amount RMB'000	2018 Gross carrying amount RMB'000
Financial assets at amortised cost						
Trade receivable	28	N/A	Note 1	Lifetime ECL (provision matrix)	**1,084,808**	920,634
			Loss	Lifetime ECL (credit impaired)	**56,404**	58,868
					1,141,212	979,502
Other receivables and amounts due from related parties	28 & 51	N/A	Performing	12-month ECL	**45,783,833**	27,140,517
			Low risk & Watch list	Lifetime ECL (not credit impaired)	**9,812,912**	10,109,574
			Doubtful & Loss	Lifetime ECL (credit impaired)	**1,099,000**	1,140,573
					56,695,745	38,390,664
Pledged bank deposits	30	AAA – A (Note 2)	N/A	12-month ECL	**5,326,761**	4,871,831
Bank balances and cash	30	AAA – A (Note 2)	N/A	12-month ECL	**46,567,729**	43,347,301
Contract assets	29	N/A	Note 1	Lifetime ECL (provision matrix)	**2,832,323**	1,887,085
Financial guarantee contracts	47	N/A	Note 3	12-month ECL	**64,620,763**	56,853,166

Notes:

1. For trade receivables and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances or credit-impaired, the Group determines the expected credit losses on these items by using a provision matrix based on aged days.

2. External credit rating disclosed by the counterparty financial institutions and banks, majority of which are located in the PRC.

3. For financial guarantee contracts, the gross carrying amount represents the maximum amount the Group has guaranteed under the respective contracts. The maximum amount that the Group has guaranteed under the respective contracts was RMB64,620,763,000 as at 31 December 2019 (2018: RMB56,853,166,000). At the end of the reporting period, the directors of the Company have performed impairment assessment, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contracts. Accordingly, the loss allowance for financial guarantee contracts issued by the Group is measured at an amount equal to 12m ECL. The directors of the Company considered that the 12m ECL allowance is insignificant at December 31, 2018 and December 31, 2019.

49. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Provision matrix – debtors' aging

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers in relation to its property sales, hotel operations, project management, design and decoration and sales of construction materials operating segments because these operating segments have large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The Group assessed the impairment for its customers from these operating segments separately, and the information about the exposure to credit risk for these trade receivables based on provision matrix within lifetime ECL (not credit impaired) are presented below. Debtors with significant outstanding balances with gross carrying amounts of RMB56,404,000 that was defaulted as at 31 December 2019 (2018: RMB58,868,000) were assessed individually.

	2019		2018	
	Range of loss rate	**Trade receivables RMB'000**	Range of loss rate	Trade receivables RMB'000
Gross carrying amount				
Within 90 days	**0.3%-0.5%**	**537,668**	0.03%-1.0%	548,324
91–180 days	**0.6%-1.3%**	**131,557**	0.5%-3.4%	55,317
181–365 days	**0.7%-2.6%**	**129,030**	0.5%-4.8%	125,062
Over 365 days	**1.9%-29.3%**	**286,553**	4.2%-20.0%	191,931
		1,084,808		920,634

49. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Provision matrix – debtors' aging (continued)

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables and contract assets under the simplified approach.

	Lifetime ECL (not credit impaired) RMB'000	Lifetime ECL (credit impaired) RMB'000	Total RMB'000
As at 1 January 2018	32,123	56,375	88,498
Transfer to credit-impaired	(1,558)	1,558	–
Impairment losses recognised	11,833	2,343	14,176
Impairment losses reversed	–	(585)	(585)
Write-offs	–	(823)	(823)
As at 31 December 2018	42,398	58,868	101,266
Impairment losses recognised	17,316	207	17,523
Impairment losses reversed	(23,236)	–	(23,236)
Disposal of a subsidiary	–	(2,671)	(2,671)
As at 31 December 2019	**36,478**	**56,404**	**92,882**

The impairment losses recognised in lifetime ECL (not credit impaired) during the year 2019 is mainly due to the decrease in the long-aging gross carry amount of trade receivables.

49. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Provision matrix – internal credit rating

The following table provides information about the exposure to credit risk and ECL for other receivables and amounts due from related parties which are assessed collectively. In addition to the internal credit ratings as stated above, the Group further assessed the impairment for other receivables and amounts due from related parties from the different operating segments separately, and the information about the exposure to credit risk for these other receivables and amounts due from related parties based on provision matrix within 12-month ECL and life time (not credit impaired) are presented below. Debtors with significant outstanding balances with gross carrying amounts of RMB5,682,141,000 respectively as at 31 December 2019 (2018: RMB6,033,597,000) were assessed individually.

	2019		2018	
	Range of loss rate	**Other receivables and amounts due from related parties RMB'000**	Range of loss rate	Other receivables and amounts due from related parties RMB'000
Gross carrying amount				
Performing	**0.1%-1.4%**	**45,783,833**	0.1%-1.0%	27,140,516
Low risk	**1.5%-7.6%**	**3,630,796**	1.6%-6.9%	4,502,598
Watch list	**12.1%-29.6%**	**1,598,975**	16.2%-38.0%	713,953
		51,013,604		32,357,067

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

49. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Provision matrix – internal credit rating (continued)

The following table shows the movement in lifetime ECL that has been recognised for other receivables and amounts due from related parties under the simplified approach.

	12-month ECL RMB'000	Lifetime ECL (not credit impaired) RMB'000	Lifetime ECL (credit impaired) RMB'000	Total RMB'000
As at 1 January 2018	59,973	244,190	981,658	1,285,821
Transfer to lifetime ECL	(37)	37	–	–
Transfer to credit-impaired	–	(62,411)	62,411	–
Impairment losses recognized	156	1,211,814	217,402	1,429,372
Impairment losses reversed	(1,048)	–	(159,181)	(160,229)
Other	–	–	38,283	38,283
As at 31 December 2018	59,044	1,393,630	1,140,573	2,593,247
Transfer to lifetime ECL	(1,184)	1,184	–	–
Impairment losses recognized	36,653	868,978	58,427	964,058
Impairment losses reversed	–	(61,458)	(100,000)	(161,458)
As at 31 December 2019	**94,513**	**2,202,334**	**1,099,000**	**3,395,847**

Changes in the loss allowance for other receivables and amounts due from related parties are mainly due to:

	31/12/2019		
		Increase in lifetime ECL	
	Increase in 12-month ECL RMB'000	**Not credit-impaired RMB'000**	**Credit-impaired RMB'000**
One debtor with a gross carrying amount of RMB58,427,000 defaulted	**–**	**–**	**58,427**
Several debtors with a gross carrying amount of RMB4,159,674,000 recognised impairment loss	**–**	**813,243**	**–**
Total	**–**	**813,243**	**58,427**

49. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

	31/12/2018		
		Increase in lifetime ECL	
	Increase in 12-month ECL RMB'000	Not credit-impaired RMB'000	Credit-impaired RMB'000
One debtor with a gross carrying amount of RMB184,000,000 defaulted	–	–	184,000
Several debtors with a gross carrying amount of RMB4,702,577,000 recognised impairment loss	–	954,050	–
Total	–	954,050	184,000

Impairment losses reversed in lifetime ECL (credit impaired) during the year 2018 and 2019 is due to the repayment from the debtor.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of borrowings and ensures compliance with loan covenants.

The Group relies on bank and other borrowings, senior notes, corporate debt instruments, receipts under securitisation arrangements and amounts due to related parties as a significant source of liquidity.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

49. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity and interest risk tables

	Weighted average interest rate	On demand or less than 1 year RMB'000	1-5 years RMB'000	>5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount at 31/12/2019 RMB'000
2019						
Non-derivative financial liabilities						
Trade and other payables	–	41,862,944	965,846	–	42,828,790	42,828,790
Bank and other borrowings						
– fixed-rate	5.65%	6,579,952	12,501,254	1,026,910	20,108,116	17,609,777
– variable-rate	5.13%	10,517,569	34,345,966	2,735,588	47,599,123	41,983,396
Amounts due to related parties						
– interest-free	–	8,195,339	–	–	8,195,339	8,195,339
– fixed-rate	6.16%	20,766,868	–	–	20,766,868	19,605,405
– variable-rate	4.70%	912,402	–	–	912,402	852,712
Senior notes	5.69%	7,891,388	–	–	7,891,388	7,712,382
Corporate debt instruments	5.38%	8,618,387	20,014,085	541,592	29,174,064	26,637,264
Receipts under securitisation arrangements	5.29%	1,646,288	–	–	1,646,288	1,633,966
Leases liabilities	5.40%	27,397	101,990	7,764	137,151	116,435
Financial guarantee contracts	–	64,620,763	–	–	64,620,763	–
		171,639,297	67,929,141	4,311,854	243,880,292	167,175,466

49. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity and interest risk tables (continued)

	Weighted average interest rate	On demand or less than 1 year RMB'000	1-5 years RMB'000	>5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount at 31/12/2018 RMB'000
2018						
Non-derivative financial liabilities						
Trade and other payables	–	26,779,077	1,680,180	–	28,459,257	28,459,257
Bank and other borrowings						
– fixed-rate	5.60%	2,290,201	7,921,497	–	10,211,698	9,199,900
– variable-rate	5.02%	13,737,837	28,910,807	2,914,259	45,562,903	40,441,452
Amounts due to related parties						
– interest-free	–	9,527,370	–	–	9,527,370	9,527,370
– fixed-rate	6.96%	17,818,288	–	–	17,818,288	16,659,500
– variable-rate	1.17%	547,975	–	–	547,975	541,612
Senior notes	5.88%	197,858	3,563,506	–	3,761,364	3,355,113
Corporate debt instruments	5.39%	5,385,946	25,649,684	–	31,035,630	26,866,599
Receipts under securitisation arrangements	5.29%	79,350	1,725,638	–	1,804,988	1,595,196
Financial guarantee contracts	–	56,853,166	–	–	56,853,166	–
		133,217,068	69,451,312	2,914,259	205,582,639	136,645,999

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable interest rate non-derivative financial liabilities is subject to change if changes in variable interest rate differ from those interest rate estimates determined at the end of the reporting period.

49. Financial Instruments (continued)

(c) Fair value measurements of financial instruments

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial instrument	Fair value RMB'000	Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs
Listed equity investment	1,058,755 (31 December 2018: 730,162)	Level 1	Quoted bid prices in an active market.	N/A
Unquoted equity investments	453,230 (31 December 2018: 545,520)	Level 3	Income approach – in this approach, the discounted cash flow method was used to capture the present value of the expected dividend income and ultimate disposal proceed.	Long-term pre-tax operating margin taking into account management's experience and knowledge of market conditions of the specific industries, ranging from 2.8-36.3 per cent (2018: 10.7-48.0 per cent).

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values:

	2019		2018	
	Carrying amount of liability component RMB'000	**Fair value RMB'000**	Carrying amount of liability component RMB'000	Fair value RMB'000
Financial liabilities				
Senior notes (Level 2)	**7,632,119[1]**	**7,719,263[2]**	3,355,113	3,360,155[2]
Corporate debt instruments (Level 2)	**25,905,349[1]**	**26,343,132[2]**	26,866,599	27,353,999[2]
Receipts under securitisation arrangements (Level 2)	**1,598,530[1]**	**1,600,000[2]**	1,595,196	1,600,000[2]

1 The carrying amount of liability component represented the principle of the financial liability.

2 Based on quoted price.

There were no transfer into or out of Level 2 during both years.

50. Reconciliation of Liabilities Arising from Financial Activities

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

	Bank and other borrowings RMB'000 (note 34)	Senior notes RMB'000 (note 35)	Corporate debt instruments RMB'000 (note 36)	Receipts under securitisation arrangements RMB'000 (note 37)	Leases liabilities RMB'000	Amount due to related parties RMB'000 (note 51(ii))	Dividend payable RMB'000	Total RMB'000
At 1 January 2018	37,182,665	3,149,003	15,782,704	1,591,891	–	29,895,503	–	87,601,766
Financing cash flows	10,914,417	(199,295)	9,791,116	(76,463)	–	15,844,801	(1,309,766)	34,964,810
Acquisition of subsidiaries (note 40)	2,257,000	–	–	–	–	110,055	–	2,367,055
Disposal of subsidiaries	(4,349,978)	–	–	–	–	(18,989,859)	–	(23,339,837)
Foreign exchange translation	316,671	164,849	–	–	–	–	–	481,520
Interest expenses	3,320,577	240,556	1,292,779	79,768	–	482,982	–	5,416,662
Net off amount due from an associate	–	–	–	–	–	(615,000)	–	(615,000)
Dividends declared	–	–	–	–	–	–	1,309,766	1,309,766
At 31 December 2018	49,641,352	3,355,113	26,866,599	1,595,196	–	26,728,482	–	108,186,742
Adjustment upon application of IFRS 16	–	–	–	–	149,297	–	–	149,297
As at 1 January 2019 (restated)	49,641,352	3,355,113	26,866,599	1,595,196	149,297	26,728,482	–	108,336,039
Financing cash flows	9,459,542	4,036,195	(1,616,235)	(43,914)	(102,079)	11,547,891	(1,244,687)	22,036,713
Acquisition of subsidiaries (note 40)	1,320,000	–	–	–	–	3,128,529	–	4,448,529
Disposal of subsidiaries (note 41)	(5,901,000)	–	–	–	(25,908)	(13,094,607)	–	(19,021,515)
Transfer to held for sales (note 31)	–	–	–	–	(767)	(8,762)	–	(9,529)
New leases entered/lease modified	–	–	–	–	86,886	–	–	86,886
Foreign exchange translation	1,372,378	43,006	–	–	–	–	–	1,415,384
Interest expenses	3,700,901	278,068	1,386,900	82,684	9,006	551,923	–	6,009,482
Consideration paid for acquisition of a subsidiary recognised in prior year	–	–	–	–	–	(200,000)	–	(200,000)
Dividends declared	–	–	–	–	–	–	1,244,687	1,244,687
At 31 December 2019	59,593,173	7,712,382	26,637,264	1,633,966	116,435	28,653,456	–	124,346,676

51. Related Party Disclosures

(i) During the year, in addition to those disclosed in other notes to the consolidated financial statements, the Group entered into the following transactions with related parties:

	2019 RMB'000	2018 RMB'000
Construction service income from associates (note)	**68,391**	9,159
Construction service income from joint ventures (note)	**109,783**	–
Construction design fees paid to Shareholders' Companies	**486,029**	–
Construction design fees paid to joint ventures	**434,619**	–
Rental expenses paid/payable to Shareholders' Companies	**7,818**	8,737
Purchases from joint ventures and associates (note)	**192,531**	78,929
Purchase of property from an associate (note)	**100,894**	–
Interest income arising from amounts due from:		
– associates (note)	**384,964**	319,013
– joint ventures (note)	**614,899**	638,793
– non-controlling shareholders	**6,241**	30,907
Interest expense arising from amounts due to:		
– associates (note)	**41,318**	55,619
– joint ventures (note)	**154,757**	74,319
– non-controlling shareholders	**327,398**	352,443
– directors	**21,010**	–
– Shareholders' Companies	**7,440**	27,508
Advertising expenses paid/payable to joint ventures (note)	**103,774**	94,340
Comprehensive service income from associates (note)	**77,598**	2,721
Interior decoration service income from:		
– joint ventures and associates (note)	**603,610**	704,127
– Shareholders' Companies	**160**	293
Healthcare service fee to Shareholders' Companies	**–**	111
Landscape construction fee to associates (note)	**4,003**	12,952
Educational services framework fee to Shareholders' Companies	**6,932**	6,660

Note: The transactions with associates and joint ventures are presented gross before elimination of unrealised profits or losses attributable to the Group.

The transactions above are presented net of taxes.

The directors considered that the transactions above were carried out in accordance with the terms agreed with the counterparties.

Before May 2019, Mr SONG Weiping, Ms XIA Yibo and CCCG were each a "Shareholder", and collectively the "Shareholders", of the Company. After May 2019, CCCG is a "Shareholder" of the Company. Shareholders' Companies represent companies owned by the Shareholders and affiliates.

51. Related Party Disclosures (continued)

(ii) As at the end of the reporting period, the Group had balances with related parties, which are all unsecured, as follows:

	2019						
	Project-related		Non-project related		Sub Total		
	Interest bearing RMB'000	Non-interest bearing RMB'000	Interest bearing RMB'000	Non-interest bearing RMB'000	Interest bearing RMB'000	Non-interest bearing RMB'000	Total RMB'000
Due from Shareholders' Companies	–	20,462	–	1,589	–	22,051	22,051
Non-controlling shareholders	722,349	16,188,868	–	–	722,349	16,188,868	16,911,217
Associates	8,658,934	4,465,250	–	358,563	8,658,934	4,823,813	13,482,747
Joint ventures	14,541,263	2,321,311	–	1,231,754	14,541,263	3,553,065	18,094,328
Officers	–	31,316	45,008	–	45,008	31,316	76,324
	23,922,546	23,027,207	45,008	1,591,906	23,967,554	24,619,113	48,586,667
Due to Shareholders' Companies	–	120,390	–	–	–	120,390	120,390
Non-controlling shareholders	6,377,686	977,240	–	73,783	6,377,686	1,051,023	7,428,709
Associates	11,085,201	5,407,204	–	50,321	11,085,201	5,457,525	16,542,726
Joint ventures	2,995,230	1,399,073	–	–	2,995,230	1,399,073	4,394,303
Officers	–	167,328	–	–	–	167,328	167,328
	20,458,117	8,071,235	–	124,104	20,458,117	8,195,339	28,653,456

	2018						
	Project-related		Non-project related		Sub Total		
	Interest bearing RMB'000	Non-interest bearing RMB'000	Interest bearing RMB'000	Non-interest bearing RMB'000	Interest bearing RMB'000	Non-interest bearing RMB'000	Total RMB'000
Due from Shareholders' Companies	–	38,264	–	10,076	–	48,340	48,340
Non-controlling shareholders	885,169	12,600,165	–	–	885,169	12,600,165	13,485,334
Associates	6,839,448	743,065	–	8,491	6,839,448	751,556	7,591,004
Joint ventures	8,802,207	3,325,787	–	123,274	8,802,207	3,449,061	12,251,268
	16,526,824	16,707,281	–	141,841	16,526,824	16,849,122	33,375,946
Due to Shareholders' Companies	149,089	92,115	–	–	149,089	92,115	241,204
Non-controlling shareholders	10,723,450	2,310,218	–	72,588	10,723,450	2,382,806	13,106,256
Associates	4,423,255	6,144,620	–	25,961	4,423,255	6,170,581	10,593,836
Joint ventures	1,905,318	827,578	–	–	1,905,318	827,578	2,732,896
Officers	–	–	–	37,237	–	37,237	37,237
Shareholder	–	–	–	17,053	–	17,053	17,053
	17,201,112	9,374,531	–	152,839	17,201,112	9,527,370	26,728,482

The above amounts due from related parties are presented before accumulative impairment losses of RMB2,207,831,000 (2018: RMB1,528,014,000).

51. Related Party Disclosures (continued)

(ii) As at the end of the reporting period, the Group had balances with related parties, which are all unsecured, as follows: (continued)

In respect of project-related balances with related parties:

(a) The trade balances due from Shareholders' Companies are mainly construction receivables and trade receivables.

Construction receivables are billed according to the construction contracts and are settled within one to two months after the construction cost incurred are verified and agreed.

Trade receivables arise mainly from materials sales and are with a normal credit terms of two months.

(b) The project-related balances due from non-controlling shareholders and officer are mainly prepaid distributions. The project-related balances due from joint ventures/associates are mainly project advances to these joint ventures/associates and are tied to the project development cycle. In the opinion of the directors, these balances are expected to be settled when the projects concerned commence pre-sales.

(c) The amounts due to Shareholders' Companies arise mainly from construction payables of a CCCG's fellow subsidiary.

(d) The project-related balances due to non-controlling shareholders and officer are mainly project advances from these non-controlling shareholders and officer and are tied to the project development cycle. In the opinion of the directors, these balances are repayable on demand and are expected to be settled when the projects concerned commence pre-sales.

(e) The project-related balances due to joint ventures/associates are mainly prepaid distributions.

The non-project related balances with related parties are mainly unsecured advances and repayable on demand.

The non-interest bearing balances due to shareholder and officers are emoluments payable. The maximum outstanding amount of amount due from shareholder is RMB nil in 2019 (2018: RMB800,000). The other non-interest bearing balances due from (to) related parties are unsecured and repayable on demand.

51. Related Party Disclosures (continued)

(ii) As at the end of the reporting period, the Group had balances with related parties, which are all unsecured, as follows: (continued)

The key terms of the interest bearing balances due from (to) related parties are as follows:

(a) The project-related amounts due from non-controlling shareholders of RMB107,059,000 (2018: RMB107,059,000) at 31 December 2019 carried interest at fixed rate of 6.30% (2018: 6.30%) per annum.

(b) The project-related amounts due from non-controlling shareholders of RMB615,290,000 (2018: RMB778,110,000) at 31 December 2019 carried interest at a variable rate of 5.46% (2018: 5.46%) per annum.

(c) The project-related amounts due from associates of RMB657,077,000 (2018: RMB1,345,084,000) at 31 December 2019 carried interest at a variable rate from 1.40% to 8.80% (2018: 5.00% to 5.40%) per annum.

(d) The project-related amounts due from associates of RMB8,001,858,000 (2018: RMB5,494,364,000) at 31 December 2019 carried interest at fixed rates ranging from 3.70% to 9.00% (2018: 1.40% to 8.80%) per annum.

(e) The project-related amounts due from joint ventures of RMB2,191,947,000 (2018: RMB1,484,038,000) at 31 December 2019 carried interest at a variable rate of 1.40% to 4.75% (2018: 5.00%) per annum.

(f) The project-related amounts due from joint ventures of RMB12,349,316,000 (2018: RMB7,318,169,000) at 31 December 2019 carried interest at fixed rates ranging from 1.00% to 9.00% (2018: 1.40% to 8.80%) per annum.

(g) The project-related amounts due to non-controlling shareholders of RMB852,712,000 (2018: RMB35,639,000) at 31 December 2019 carried interest at a variable rate of 7.00% (2018: 5.50%) per annum.

(h) The project-related amounts due to non-controlling shareholders of RMB5,524,974,000 (2018: RMB10,687,811,000) at 31 December 2019 carried interest at fixed rates ranging from 2.00% to 9.00% (2018: 2.00% to 9.00%) per annum.

(i) The project-related amounts due to associates of RMB nil (2018: RMB505,974,000) at 31 December 2019 carried interest at a variable rate (2018: ranging from 0.35% to 5.46%) per annum.

(j) The project-related amounts due to associates of RMB11,085,202,000 (2018: RMB3,917,281,000) at 31 December 2019 carried interest at fixed rates ranging from 0.35% to 7.00% (2018: 2.00% to 7.00%) per annum.

(k) The project-related amounts due to joint ventures of RMB2,995,230,000 (2018: RMB1,905,318,000) at 31 December 2019 carried interest at fixed rates ranging from 1.80% to 6.70% (2018: 1.80% to 6.70%) per annum.

51. Related Party Disclosures (continued)

(iii) (a) During the year, in addition to those disclosed in note 40, the Group made acquisitions from related parties as follows:

	2019 RMB'000	2018 RMB'000
Purchase of additional interests in subsidiaries from non-controlling shareholders of subsidiaries	**240,955**	748,954

2019:

In January 2019, the Group entered into an agreement with a non-controlling shareholder to acquire 32.06% equity interest in Zhoushan Dinghai Greentown Real Estate Development Co., Ltd. for a consideration of approximately RMB38,530,000.

In April 2019, the Group entered into an agreement with a non-controlling shareholder to acquire 12.36% equity interest in Greentown Decoration Project Group Co., Ltd. for a consideration of approximately RMB55,837,000.

In April 2019, the Group entered into an agreement with a non-controlling shareholder to acquire 25% equity interest in Greentown Ideal Life Technology Co., Ltd. for a consideration of approximately RMB3,200,000.

In July 2019, the Group entered into an agreement with a non-controlling shareholder to acquire 10% equity interest in Dalian Greentown Property Co., Ltd. for a consideration of approximately RMB23,008,000.

In November 2019, the Group entered into an agreement with a non-controlling shareholder to acquire 6.67% equity interest in Beijing Liangma Real Estate Co., Ltd. for a consideration of approximately RMB10,000,000.

In December 2019, the Group entered into an agreement with a non-controlling shareholder to acquire 40% equity interest in Ningbo Fenghua Greentown Zhehong Real Estate Development Co., Ltd. for a consideration of approximately RMB110,380,000.

51. Related Party Disclosures (continued)

(iii) (a) During the year, in addition to those disclosed in note 40, the Group made acquisitions from related parties as follows: (continued)

2018:

On 15 January 2018, the Group entered into an agreement with a non-controlling shareholder to acquire 1% equity interest in Greentown Hotel Assets Management Co., Ltd. for a consideration of approximately RMB354,000.

On 15 January 2018, the Group entered into an agreement with a non-controlling shareholder to acquire 3.5% equity interest in Hainan Greentown Gaodi Hotel Management Co., Ltd. for a consideration of RMB nil.

On 15 January 2018, the Group entered into an agreement with a non-controlling shareholder to acquire 12.36% equity interest in Zhejiang Greentown Construction Industry Co., Ltd. for a consideration of RMB nil.

On 26 April 2018, the Group entered into an agreement with non-controlling shareholders to acquire 7% equity interest in Xi'an Xinhongye for a consideration of RMB287,500,000.

On 31 August 2018, the Group entered into an agreement with non-controlling shareholders to acquire 50% equity interest in Zhejiang Greentown Rongxin Property Co., Ltd. for a consideration of RMB461,100,000. Beijing Ya'ao Greentown Real Estate Development Co., Ltd. is a wholly-owned subsidiary of Zhejiang Greentown Rongxin Property Co., Ltd., therefore the Group also acquired 50% equity interest in Beijing Ya'ao Greentown Real Estate Development Co., Ltd..

(b) On 4 January 2019, the Group entered into a framework agreement with other parties and CCCC Urban Investment Holding Co., Limited, a subsidiary of CCCG, thereto in relation to develop a piece of land in Nansha district of Guangzhou, The PRC, into residential properties. Pursuant to the framework agreement, the Group will transfer 30% equity interest of Hangzhou Zhaolian Investment Co., Ltd., a wholly-owned subsidiary of the Company, to CCCC Urban Investment Holding Co., Limited. The above piece of land is owned indirectly by Hangzhou Zhaolian Investment Co., Ltd. through its wholly-owned subsidiary. The transfer of equity interest was completed in January 2019.

On 14 January 2019, Xi'an Wenguang, a non-wholly owned subsidiary of the Company, entered into a construction agreement with CCCC-SHEC Fifth Engineering Co., Ltd. a subsidiary of CCCG, pursuant to which Xi'an Wenguang, agreed to engage CCCC-SHEC Fifth Engineering Co., Ltd. as the main contractor to carry out the construction works of Phase Three of Plots 3, 4, 7 and 8 of Xi'an National Games Village.

51. Related Party Disclosures (continued)

(iii) (b) (continued)

On 19 March 2019, Greentown Real Estate and Greentown Lipu were notified of the success of the bid in the tender for the project, together with an independent thirty party and China First Highway Engineering Company Ltd, a non-wholly subsidiary of the CCCG. The project involves the contracts for the undertaking of survey, design, and construction works for the infrastructure and common facilities on the Land including the civil engineering works, installation works, outdoor plumbing and drainage, heating and ventilation, swimming pool and parking lots for Haikou National Hi-tech Area Development Holding Co. Ltd., which is the principle.

On 17 May 2019, the Group and Hangzhou Bluetown Zhisheng Investment Management Co., Ltd., an associate of a director and hence a connected person of the Company, as joint bidders were notified of their successful bid for the land from HangZhou Bureau of Planning and Natural Resources at the land consideration of RMB260.92 million. The shareholders' agreement was in order to facilitate the development of the land. Pursuant to the shareholders' agreement, the project company will be contributed by the Group and Hangzhou Bluetown Zhisheng Investment Management Co., Ltd., accounting for 51% and 49% of the total registered capital, respectively. The contribution was completed in June 2019.

On 15 July 2019, the Group entered into a share transfer and shareholders' cooperation agreement with other party and CCCC Southwest Investment and Development Co., Ltd., a subsidiary of CCCG, in relation to the Chengdu Greentown Sichuan Cuisine Town Business Co., Ltd., a wholly owned subsidiary of the Company. Pursuant to the agreement, Chengdu Greentown Sichuan Cuisine Town Business Co., Ltd., would be owned by the Group, CCCC Southwest Investment and Development Co., Ltd., and other party as to 60%, 20% and 20%, respectively, and would remain a subsidiary of the Company. The transfer of equity interest was completed in August 2019.

On 24 September 2019, the Group, entered into the agreement with CCCC Northeast Investment Co., Ltd. and other party in relation to the formation of the Harbin Young City Real Estate Co., Ltd. Harbin Young City Real Estate Co., Ltd. is proposed to be established for carrying out the preliminary works of the project. Pursuant to the agreement, Harbin Young City Real Estate Co., Ltd. will be contributed by the Group, CCCC Northeast Investment Co., Ltd. and other party, accounting for 46%, 10% and 44%, respectively. The company was established in September 2019.

On 20 December 2019, Tianjin CCCC Greentown Urban Construction Development Company Limited, a non-wholly owned subsidiary of the Company, entered into the construction agreements with No. 2 Engineering Company Ltd. of CCCC First Harbor Engineering Company Ltd., a subsidiary of CCCG, pursuant to which Tianjin CCCC Greentown Urban Construction Development Company Limited agreed to engage No. 2 Engineering Company Ltd. of CCCC First Harbor Engineering Company Ltd. as the main contractor to carry out the construction works of Plots W1, W2 and 3 of Tianjin Chentang Science and Technology Commercial District.

51. Related Party Disclosures (continued)

(iii) (b) (continued)

On 27 December 2019, Beijing Zhishun Real Estate Development Co., Ltd., a non-wholly owned subsidiary of the Company, entered into the construction agreement with CCCC First Highway Engineering Group Co., Ltd., a subsidiary of CCCG, pursuant to which Beijing Zhishun Real Estate Development Co., Ltd. agreed to engage with CCCC First Highway Engineering Group Co., Ltd. as the main contractor to carry out the construction works of the Beijing Shunyi Construction Project.

On 30 December 2019, the Group entered into the agreement with Hangzhou Bluetown Jialan Construction Management Co., Ltd., a subsidiary of Bluetown Property Construction Management Group Co., Ltd., and Jiaxing Bluetown Cultural Tourism Development Co., Ltd., pursuant to which the Group agreed to purchase and Hangzhou Bluetown Jialan Construction Management Co., Ltd. agreed to sell 20% of equity interests in Jiaxing Bluetown Cultural Tourism Development Co., Ltd. On the same date, the Group entered into the agreement with Zhejiang Bluetown Jiaren Construction Management Co., Ltd., a subsidiary of Bluetown Property Construction Management Group Co., Ltd., and Jiaxing Bluetown Cultural Rehabilitation Property Development Co., Ltd., pursuant to which the Group agreed to purchase and Zhejiang Bluetown Jiaren Construction Management Co., Ltd., agreed to sell 20% of equity interests in Jiaxing Bluetown Cultural Rehabilitation Property Development Co., Ltd. Both of the transfer of equity interest was completed in December 2019.

(iv) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2019 **RMB'000**	2018 RMB'000
Short-term benefits	**49,708**	51,080
Post-employment benefits	**359**	337
Equity-settled share option expense	**30,300**	77,439
Share award	**3,508**	–
	83,875	128,856

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

For the year ended 31 December 2019

52. Statement of Financial Position of the Company

	2019 RMB'000	2018 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	**146**	153
Right-of-use assets	**2,808**	–
Investment in subsidiaries	**2,123,006**	1,713,006
	2,125,960	1,713,159
CURRENT ASSETS		
Other receivables	**453**	674
Amounts due from subsidiaries and related parties	**27,769,598**	23,426,020
Bank balances and cash	**1,846,523**	3,538,143
	29,616,574	26,964,837
CURRENT LIABILITIES		
Other payables	**68,637**	111,336
Amounts due to related parties	**12,806,179**	13,263,958
Other taxes payable	**7,161**	7,161
Bank and other borrowings	**2,255,296**	1,994,457
Senior notes	**7,712,382**	–
	22,849,655	15,376,912
NET CURRENT ASSETS	**6,766,919**	11,587,925
TOTAL ASSETS LESS CURRENT LIABILITIES	**8,892,879**	13,301,084
NON-CURRENT LIABILITIES		
Bank and other borrowings	**8,796,098**	8,365,008
Senior notes	**–**	3,355,113
Lease liabilities	**3,070**	–
	8,799,168	11,720,121
	93,711	1,580,963
CAPITAL AND RESERVES		
Share capital	**209,694**	209,501
Reserves (note)	**(115,983)**	1,371,462
	93,711	1,580,963

52. Statement of Financial Position of the Company (continued)

Note:

The movement of the reserves of the Company is as follows:

	RMB'000
At 1 January 2018	1,443,594
Profit for the year	218,920
Dividend	(433,536)
Exercise of share options	8,018
Recognition of equity-settled share-based payments	134,466
At 31 December 2018	1,371,462
Loss for the year	**(1,017,742)**
Dividend	**(499,312)**
Shares repurchased	**(37,852)**
Exercise of share options	**8,938**
Recognition of equity-settled share-based payments	**58,523**
At 31 December 2019	**(115,983)**

53. Events After the End of the Reporting Period

The following significant events took place subsequent to 31 December 2019:

On 28 February 2020, Greentown Management Holdings Company Limited ("Greentown Management") submitted a listing application form to the Stock Exchange to apply for the listing of, and permission to deal in, the ordinary shares of Greentown Management on the Main Board of the Stock Exchange. A full version of the application proof of the listing document of Greentown Management has been available for viewing and downloading on the Stock Exchange's website on 28 February 2020.

53. Events After the End of the Reporting Period (continued)

The outbreak of coronavirus disease ("COVID-19")

The outbreak of COVID-19 and the subsequent quarantine measures as well as the travel restrictions imposed by many countries have had a certain negative impact on the operations of the Group, as most of the Group's operations are located in the Yangtze River Delta Area in Mainland China. The Group had to stop its property development since January 2020 due to mandatory government quarantine measures in an effort to contain the spread of the epidemic.

Even though the Group had resumed its property development since February 2020, they are still not fully operating at normal capacity due to mandatory government quarantine measures.

In addition, the operations of certain of the Group's customers, suppliers, associates, joint ventures and investees are also located in the Yangtze River Delta Area, the outbreak of COVID-19 is expected to have negative/adverse effect to these parties in different aspects, which in turn, may affect the recoverability of Group's trade receivables and other financial assets that are subject to ECL assessment and also the carrying amounts of the Group's properties for development, properties under development, completed properties for sales, interest in associates and joint ventures and other non-current assets.

Given the dynamic nature of these circumstances and unpredictability of future development, the directors of the Company consider that the financial effects on the Group's consolidated financial statements cannot be reasonably estimated as at the date these financial statements are authorised for issue, but will be reflected in the Group's future financial statements.

54. Particulars Of Principal Subsidiaries Of The Company

(i) Particulars of the principal subsidiaries as at 31 December 2019 and 2018 are set out below:

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/voting rights held by the Company				Principal activities	Legal form
			Direct		Indirect			
			2019	2018	2019	2018		
綠城管理控股有限公司 Greentown Management	Cayman Islands 12 December 2016	HKD0.03	100%	100%	–	–	Investment management	Wholly foreign-owned enterprise
綠城房地產集團有限公司 Greentown Real Estate	The PRC 6 January 1995	RMB10,000,000,000	–	–	100%	100%	Real estate development	Wholly foreign-owned enterprise
綠城房地產建設管理集團有限公司 Greentown Real Estate Project Management Group	The PRC 21 March 2012	RMB200,000,000	–	–	100%	100%	Project management	Limited liability company
綠城資產管理集團有限公司 Greentown Assets Management Group Co., Ltd.	The PRC 11 August 2016	RMB15,000,000,000	–	–	100%	100%	Assets management	Limited liability company
綠城理想小鎮建設集團有限公司 Greentown Ideal Town Construction Group Co., Ltd.	The PRC 21 July 2016	RMB2,000,000,000	–	–	100%	100%	Real estate development	Limited liability company
綠城理想生活科技有限公司 Greentown Ideal Life Technology Co., Ltd.	The PRC 21 March 2017	RMB200,000,000	–	–	100%	100%	Technology research and development	Limited liability company
綠城裝飾工程集團有限公司 Greentown Decoration Project Group	The PRC 25 September 1993	RMB100,000,000	–	–	100% (note ii)	88%	Design and decoration	Limited liability company
新疆俊發綠城房地產開發有限公司 Xinjiang Junfa Greentown Real Estate Development Co., Ltd.	The PRC 16 January 2008	RMB211,079,000	–	–	50% (note i)	50% (note i)	Real estate development	Limited liability company
杭州綠城九龍倉置業有限公司 Hangzhou Greentown Wharf Real Estate Co., Ltd.	The PRC 20 Feb 2014	USD60,000,000	–	–	50% (note i)	50% (note i)	Real estate development	Wholly foreign-owned enterprise

54. Particulars Of Principal Subsidiaries Of The Company (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2019 and 2018 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/voting rights held by the Company Direct 2019	Direct 2018	Indirect 2019	Indirect 2018	Principal activities	Legal form
臨安金基房地產開發有限公司 Lin'an Jinji Real Estate Development Co., Ltd.	The PRC 22 March 2004	RMB140,000,000	–	–	18% (note i)	18% (note i)	Real estate development	Limited liability company
北京亮馬置業有限公司 Beijing Liangma Real Estate Co., Ltd. ("Beijing Liangma")	The PRC 26 February 2016	RMB100,000,000	–	–	40% (note x)	50% (note i)	Real estate development	Limited liability company
湖南青竹湖國際商務社區開發有限公司 Hunan Bamboo Lake International Business Community Development Co., Ltd.	The PRC 26 September 2003	RMB50,600,000	–	–	49% (note i)	49% (note i)	Real estate development	Limited liability company
杭州綠城朝陽置業有限公司 Hangzhou Greentown Chaoyang Real Estate Co., Ltd.	The PRC 28 December 2017	RMB100,000,000	–	–	50% (note i)	50% (note i)	Real estate development	Limited liability company
天津綠城全運村建設開發有限公司 Tianjin National Games Village	The PRC 27 November 2014	RMB2,500,000,000	–	–	41% (note i)	41% (note i)	Real estate development	Limited liability company
濟南東創置業有限公司 Ji'nan Dongchuang Real Estate Co., Ltd. ("Ji'nan Dongchuang")	The PRC 26 December 2013	RMB300,000,000	–	–	50% (note iii)	50% (note iii)	Real estate development	Limited liability company
大連綠城置業有限公司 Dalian Greentown Real Estate Co., Ltd.	The PRC 15 March 2010	RMB100,000,000	–	–	100% (note iv)	90%	Real estate development	Limited liability company
北京亞奧綠城房地產開發有限公司 Beijing Ya'ao Greentown Real Estate Development Co., Ltd.	The PRC 19 August 2008	RMB50,000,000	–	–	100%	100%	Real estate development	Limited liability company

54. Particulars Of Principal Subsidiaries Of The Company (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2019 and 2018 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/voting rights held by the Company				Principal activities	Legal form
			Direct		Indirect			
			2019	2018	2019	2018		
浙江綠城天臺山蓮花度假村有限公司 Zhejiang Greentown Tiantaishan Lianhua Resort Co., Ltd.	The PRC 8 August 2011	RMB170,000,000	–	–	100%	100%	Real estate development	Limited liability company
舟山綠城房地產開發有限公司 Zhoushan Greentown Real Estate Development Co., Ltd.	The PRC 16 December 1999	RMB100,000,000	–	–	100%	100%	Real estate development	Limited liability company
北京陽光綠城房地產開發有限公司 Beijing Sunshine Greentown Real Estate Development Co., Ltd.	The PRC 11 January 2001	RMB50,000,000	–	–	80%	80%	Real estate development	Limited liability company
杭州余杭綠城房地產開發有限公司 Hangzhou Yuhang Greentown Real Estate Development Co., Ltd.	The PRC 12 November 1999	RMB30,000,000	–	–	64%	64%	Real estate development	Limited liability company
杭州余杭金騰房地產開發有限公司 Hangzhou Yuhang Jinteng Real Estate Development Co., Ltd.	The PRC 25 December 2001	RMB100,000,000	–	–	85%	85%	Real estate development	Limited liability company
青島綠城華川置業有限公司 Qingdao Greentown Huachuan Real Estate Co., Ltd.	The PRC 21 August 2007	RMB517,764,600	–	–	80%	80%	Real estate development	Sino-foreign equity joint venture
寧波太平洋實業有限公司 Ningbo Pacific Industrial Co., Ltd.	The PRC 11 July 2003	USD29,000,000	–	–	60%	60%	Real estate development	Foreign equity joint venture

54. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2019 and 2018 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/voting rights held by the Company				Principal activities	Legal form
			Direct		Indirect			
			2019	2018	2019	2018		
台州吉利嘉苑房地產開發有限公司 Taizhou Jilijiayuan Real Estate Development Co., Ltd.	The PRC 15 October 2001	RMB40,000,000	–	–	55%	55%	Real estate development	Limited liability company
杭州綠城海企實業有限公司 Hangzhou Greentown Haiqi Industrial Co., Ltd.	The PRC 23 November 2007	RMB1,000,000,000	–	–	100%	100%	Real estate development	Limited liability company
杭州金馬房地產有限公司 Hangzhou Golden Horse Real Estate Development Co., Ltd.	The PRC 22 October 1992	USD50,000,000	–	–	51%	51%	Real estate development	Foreign equity joint venture
浙江報業綠城房地產開發有限公司 Zhejiang Newspapering Greentown Real Estate Development Co., Ltd.	The PRC 7 July 2008	RMB50,000,000	–	–	100%	100%	Real estate development	Wholly foreign-owned enterprise
杭州千島湖綠城實業有限公司 (原名：杭州千島湖綠城投資置業有限公司) Hangzhou Qiandaohu Greentown Industrial Co., Ltd. (former name: Hangzhou Qiandaohu Greentown Investment Real Estate Co., Ltd.)	The PRC 15 June 2005	RMB30,000,000	–	–	80%	80%	Real estate development	Limited liability company
安徽綠城玫瑰園房地產開發有限公司 Anhui Greentown Rose Garden Real Estate Development Co., Ltd.	The PRC 23 December 2009	RMB200,000,000	–	–	100%	100%	Real estate development	Limited liability company
舟山市普陀綠城房地產開發有限公司 Zhoushan Putuo Greentown Real Estate Co., Ltd.	The PRC 5 November 2009	RMB50,000,000	–	–	90%	90%	Real estate development	Limited liability company

54. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2019 and 2018 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/voting rights held by the Company				Principal activities	Legal form
			Direct		Indirect			
			2019	2018	2019	2018		
舟山市普陀綠城實業投資有限公司 Zhoushan Putuo Greentown Industry Investment Co., Ltd.	The PRC 5 November 2009	RMB100,000,000	–	–	100%	100%	Real estate development	Limited liability company
城建中稷（浙江）實業發展有限公司 City-Urban Construction (Zhejiang) Industrial Development Co., Ltd.	The PRC 5 February 2005	RMB160,000,000	–	–	97%	97%	Real estate development	Sino-foreign equity joint venture
舟山市明程房地產開發有限公司 Zhoushan Mingcheng Real Estate Development Co., Ltd.	The PRC 31 October 2005	RMB10,000,000	–	–	97%	97%	Real estate development	Limited liability company
舟山市乾源房地產開發有限公司 Zhoushan Qianyuan Real Estate Development Co., Ltd.	The PRC 31 October 2005	RMB10,000,000	–	–	97%	97%	Real estate development	Limited liability company
河南錦江置業有限公司 Henan Jinjiang Real Estate Co., Ltd.	The PRC 8 August 2002	RMB80,000,000	–	–	100%	100%	Real estate development	Limited liability company
海南綠城高地投資有限公司 Hainan Greentown Gaodi Investment Co., Ltd.	The PRC 15 November 2007	RMB60,000,000	–	–	51%	51%	Real estate development	Limited liability company
杭州綠城玉園房地產開發有限公司 Hangzhou Greentown Yuyuan Real Estate Development Co., Ltd.	The PRC 11 November 2009	RMB1,300,000,000	–	–	100%	100%	Real estate development	Wholly foreign-owned enterprise
大連綠城房地產開發有限公司 Dalian Greentown Real Estate Development Co., Ltd.	The PRC 11 November 2008	RMB120,000,000	–	–	80%	80%	Real estate development	Limited liability company
青島綠城膠州灣房地產開發有限公司 Qingdao Greentown Jiaozhouwan Real Estate Development Co., Ltd.	The PRC 25 November 2009	USD100,000,000	–	–	100%	100%	Real estate development	Wholly foreign-owned enterprise

54. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2019 and 2018 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/voting rights held by the Company				Principal activities	Legal form
			Direct		Indirect			
			2019	2018	2019	2018		
新泰綠城置業有限公司 Xintai Greentown Real Estate Co., Ltd.	The PRC 12 January 2010	RMB98,000,000	–	–	70%	70%	Real estate development	Limited liability company
德清綠城房地產開發有限公司 Deqing Greentown Real Estate Development Co., Ltd.	The PRC 1 February 2010	RMB100,000,000	–	–	100%	100%	Real estate development	Limited liability company
紹興綠城金昌置業有限公司 Shaoxing Greentown Jinchang Real Estate Co., Ltd.	The PRC 6 November 2009	RMB100,000,000	–	–	51%	51%	Real estate development	Limited liability company
杭州銀嘉房地產開發有限公司 Hangzhou Yinjia Real Estate Development Co., Ltd.	The PRC 17 September 2003	RMB100,000,000	–	–	56%	56%	Real estate development	Limited liability company
台州綠城泰業房地產開發有限公司 Taizhou Greentown Taiye Real Estate Development Co., Ltd.	The PRC 18 February 2011	RMB130,000,000	–	–	51%	51%	Real estate development	Limited liability company
新疆鴻遠投資有限公司 Xinjiang Hongyuan Investment Co., Ltd.	The PRC 22 January 2003	RMB42,500,000	–	–	60%	60%	Real estate development	Limited liability company
浙江建德綠城置業有限公司 Zhejiang Jiande Greentown Real Estate Co., Ltd.	The PRC 6 December 2013	RMB608,000,000	–	–	100%	100%	Real estate development	Limited liability company
諸暨市越都置業有限公司 Zhuji Yuedu Real Estate Co., Ltd.	The PRC 31 October 2008	RMB300,000,000	–	–	90%	90%	Real estate development	Limited liability company
新昌綠城佳園房地產開發有限公司 Xinchang Greentown Jiayuan Real Estate Development Co., Ltd.	The PRC 25 February 2014	RMB100,000,000	–	–	80%	80%	Real estate development	Limited liability company

54. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2019 and 2018 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/voting rights held by the Company				Principal activities	Legal form
			Direct		Indirect			
			2019	2018	2019	2018		
淄博綠城置業有限公司 Zibo Greentown Real Estate Co., Ltd.	The PRC 25 March 2014	RMB500,000,000	–	–	100%	100%	Real estate development	Wholly foreign-owned enterprise
湖州新錦江房地產開發有限公司 Huzhou Xinjinjiang Real Estate Development Co., Ltd.	The PRC 3 February 2004	RMB50,000,000	–	–	100%	100%	Real estate development	Limited liability company
新昌綠城置業有限公司 Xinchang Greentown Real Estate Co., Ltd.	The PRC 12 December 2006	RMB72,600,000	–	–	90%	90%	Real estate development	Limited liability company
北京興業萬發房地產開發有限公司 Beijing Xingye Wanfa Real Estate Development Co., Ltd.	The PRC 26 October 2000	RMB50,000,000	–	–	100%	100%	Real estate development	Limited liability company
上海華浙外灘置業有限公司 Shanghai Huazhe Bund Real Estate Co., Ltd.	The PRC 26 September 2002	RMB50,000,000	–	–	51%	51%	Real estate development	Limited liability company
浙江宏順房地產開發有限公司 Zhejiang Hongshun Real Estate Development Co., Ltd.	The PRC 11 March 2008	RMB100,000,000	–	–	80%	80%	Real estate development	Limited liability company
綠城恒基（大慶）置業有限公司 Greentown Hengji Daqing Real Estate Co., Ltd.	The PRC 30 August 2011	RMB250,000,000	–	–	100%	100%	Real estate development	Limited liability company
綠城建設管理集團有限公司 Greentown Project Management Group Co., Ltd.	The PRC 8 September 2016	RMB1,050,000,000	–	–	100%	100%	Project management	Wholly foreign-owned enterprise
奉化綠城房地產開發有限公司 Fenghua Greentown Real Estate Development Co., Ltd.	The PRC 5 November 2013	RMB100,000,000	–	–	80%	80%	Real estate development	Limited liability company

54. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2019 and 2018 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/voting rights held by the Company				Principal activities	Legal form
			Direct		Indirect			
			2019	2018	2019	2018		
寧波軌道交通寧興置業有限公司 Ningbo Railway Transportation Ningxing Real Estate Co., Ltd.	The PRC 30 December 2015	RMB204,090,000	–	–	51%	51%	Real estate development	Limited liability company
浙江綠城元和房地產開發有限公司 Zhejiang Greentown Yuanhe Real Estate Development Co., Ltd.	The PRC 4 May 2009	RMB60,000,000	–	–	85%	85%	Real estate development	Limited liability company
溫州綠城置業有限公司 Wenzhou Greentown Real Estate Co., Ltd.	The PRC 21 May 2007	RMB915,000,000	–	–	100%	100%	Real estate development	Sino-foreign equity joint venture
溫州綠景置業有限公司 Wenzhou Lvjing Real Estate Co., Ltd.	The PRC 26 November 2007	RMB915,000,000	–	–	100%	100%	Real estate development	Sino-foreign equity joint venture
溫州綠城房地產開發有限公司 Wenzhou Greentown Real Estate Development Co., Ltd.	The PRC 15 February 2007	RMB768,000,000	–	–	100%	100%	Real estate development	Sino-foreign equity joint venture
溫州綠城家景房地產開發有限公司 Wenzhou Greentown Jiajing Real Estate Development Co., Ltd.	The PRC 21 May 2007	RMB386,000,000	–	–	100%	100%	Real estate development	Sino-foreign equity joint venture
舟山綠城蔚藍海岸房地產開發有限公司 Zhoushan Greentown Weilanhai'an Real Estate Development Co., Ltd.	The PRC 6 May 2008	RMB50,000,000	–	–	100%	100%	Real estate development	Limited liability company
臨海綠城泰業房地產開發有限公司 Linhai Greentown Taiye Real Estate Development Co., Ltd.	The PRC 20 January 2014	RMB125,000,000	–	–	100%	100%	Real estate development	Limited liability company
成都浙中大地產有限公司 Chengdu Zhezhongda Real Estate Co., Ltd.	The PRC 23 January 2013	RMB380,000,000	–	–	60%	60%	Real estate development	Limited liability company

54. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2019 and 2018 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/voting rights held by the Company				Principal activities	Legal form
			Direct		Indirect			
			2019	2018	2019	2018		
西安新鴻業投資發展有限公司 Xi'an Xinhongye Investment Development Co., Ltd.	The PRC 6 June 2003	RMB200,000,000	–	–	80%	80%	Real estate development	Limited liability company
西安國際陸港文遠置業有限公司 Xi'an International Land Port Wenyuan Real Estate Co., Ltd.	The PRC 30 December 2016	RMB400,000,000	–	–	51%	51%	Real estate development	Limited liability company
杭州碩櫟投資管理有限公司 Hangzhou Shuoli Investment Management Co., Ltd.	The PRC 25 January 2013	RMB100,000	–	–	100%	100%	Investment management	Limited liability company
余姚綠潤投資有限公司 Yuyao Lvrun Investment Co., Ltd.	The PRC 24 June 2013	RMB53,000,000	–	–	100%	100%	Investment management	Limited liability company
余姚綠城房地產開發有限公司 Yuyao Greentown Real Estate Development Co., Ltd.	The PRC 25 September 2013	RMB99,000,000	–	–	100%	100%	Real estate development	Limited liability company
西安國際陸港文廣置業有限公司 Xi'an International Land Port Wenguang Real Estate Co., Ltd.	The PRC 24 July 2017	RMB102,040,800	–	–	51%	51%	Real estate development	Limited liability company
杭州西溪山莊房地產開發有限公司 Hangzhou Xixi Villa Real Estate Development Co., Ltd.	The PRC 23 November 2000	RMB80,000,000	–	–	80%	80%	Real estate development	Limited liability company
舟山綠城海盛置業發展有限公司 Zhoushan Greentown Haisheng Real Estate Development Co., Ltd.	The PRC 25 September 2013	RMB100,000,000	–	–	100%	100%	Real estate development	Limited liability company
常熟市綠宸房地產開發有限公司 Changshu Lvchen Real Estate Development Co., Ltd.	The PRC 7 May 2018	RMB1,800,000,000	–	–	70%	70%	Real estate development	Limited liability company

54. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2019 and 2018 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/voting rights held by the Company				Principal activities	Legal form
			Direct		Indirect			
			2019	2018	2019	2018		
溫州綠城浙遠房地產開發有限公司 Wenzhou Greentown Zheyuan Real Estate Development Co., Ltd.	The PRC 17 May 2018	RMB100,000,000	–	–	100%	100%	Real estate development	Limited liability company
杭州綠城亞運村開發有限公司 Hangzhou Greentown Asian Games Village Development Co., Ltd.	The PRC 03 September 2018	RMB3,000,000,000	–	–	80%	80%	Real estate development	Limited liability company
蘇州悦順房地產開發有限公司 Suzhou Yueshun Real Estate Development Co., Ltd.	The PRC 24 May 2019	RMB2,500,000,000	–	–	75% (note v) (note vii)	–	Real estate development	Limited liability company
大連金石葡萄酒莊有限公司 Dalian Jinshi Wineyard Co., Ltd.	The PRC 8 February 2010	RMB274,052,561	–	–	60% (note v)	–	Real estate development	Limited liability company
蘇州禦泰房地產開發有限公司 Suzhou Yutai Real Estate Development Co., Ltd	The PRC 7 August 2019	RMB330,000,000	–	–	50% (note vi)	–	Real estate development	Limited liability company
重慶綠城致嘉房地產開發有限公司 Chongqing Greentown Zhijia Real Estate Development Co., Ltd	The PRC 9 January 2019	RMB50,000,000	–	–	100% (note vi)	–	Real estate development	Limited liability company
杭州綠城浙帆置業有限公司 Hangzhou Greentown Zhefan Real Estate Co., Ltd	The PRC 21 August 2019	RMB470,000,000	–	–	100% (note vi)	–	Real estate development	Limited liability company
義烏濱盛房地產開發有限公司 Yiwu Binsheng Real Estate Development Co., Ltd	The PRC 2 August 2019	RMB500,000,000	–	–	26% (note vii)	–	Real estate development	Limited liability company

54. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2019 and 2018 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/voting rights held by the Company				Principal activities	Legal form
			Direct		Indirect			
			2019	2018	2019	2018		
綠城永隆裝飾工程有限公司 Greentown Yonglong Decoration Project Co., Ltd. ("Greentown Yonglong")	The PRC 20 January 1998	RMB50,000,000	–	–	– (note viii)	70%	Design and decoration	Limited liability company
南京天浦置業有限公司 Nanjing Tianpu Real Estate Co., Ltd.	The PRC 21 November 2002	RMB50,000,000	–	–	– (note ix)	70%	Real estate development	Limited liability company
浙江嘉和實業有限公司 Zhejiang Jiahe Industrial Co., Ltd.	The PRC 25 April 1995	RMB50,000,000	–	–	– (note ix)	100%	Real estate development	Limited liability company
杭州綠城東友房產開發有限公司 Hangzhou Greentown Dongyou Real Estate Development Co., Ltd.	The PRC 11 January 2013	RMB500,000,000	–	–	– (note ix)	100%	Real estate development	Sino-foreign equity joint venture
杭州臨安綠城置業有限公司 Hangzhou Lin'an Greentown Real Estate Co., Ltd.	The PRC 2 July 2009	RMB50,000,000	–	–	– (note ix)	100%	Real estate development	Limited liability company
溫州景楊置業有限公司 Wenzhou Jingyang Real Estate Co., Ltd.	The PRC 19 July 2010	RMB340,000,000	–	–	– (note ix)	100%	Real estate development	Sino-foreign equity joint venture

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

54. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2019 and 2018 are set out below: (continued)

Notes:

(i) The Group has the right to appoint a majority of directors to the board of directors. Hence the Group has the power over these entities and has the ability to use its power to affect its returns. Therefore, these entities are accounted for as subsidiaries of the Group.

(ii) In April 2019, the Group acquired additional 12.36% equity interest in Greentown Decoration Project Group from its non-controlling shareholder. Please refer to note 51(iii) for details.

(iii) Due to certain agreement of acting in concert with another shareholder which held the rest of 50% equity interests in Ji'nan Dongchuang, the shareholder is required to keep the concerted action in the board resolution. Hence the Group has the power over Ji'nan Dongchuang and has the ability to use its power to affect its returns. Therefore, Ji'nan Dongchuang is accounted for as a subsidiary of the Group.

(iv) In July 2019, the Group acquired additional 10% equity interest in Dalian Greentown Real Estate Co., Ltd. from its non-controlling shareholder. Details are set out in note 51(iii).

(v) These companies became subsidiaries of the Group in 2019 as the Group acquired equity interests in it. Details are set out in note 40.

(vi) These companies were newly established in 2019.

(vii) The entity is a subsidiary of non-wholly owned subsidiaries of the Group.

(viii) The Group disposed of its 80% equity interests in Greentown Yonglong in 2019. Details are set out in note 41.

(ix) These companies were liquidated in 2019.

(x) In April 2019, the Group disposed of 33.3% equity interest in Hangzhou Zhenmei Investment Co., Ltd. ("Hangzhou Zhenmei") to an independent third party. Beijing Liangma was a 50%-owned subsidiary of Hangzhou Zhenmei, thus was disposed its partial interest and became a 33.3%-owned subsidiary of the Group. In November 2019, Hangzhou Zhenmei acquired additional 10% equity interest in Beijing Liangma from its non-controlling shareholder. Details are set out in note 51(iii). After the acquisition, Beijing Liangma become a 40%-owned subsidiary of the Group.

(ii) Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and Principal place of business	Proportion of ownership interest/voting rights held by non-controlling		(Loss) profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2019	2018	**2019**	2018	**2019**	2018
				RMB'000	RMB'000	**RMB'000**	RMB'000
Tianjin National Games Village	The PRC	**59%/43%**	59%/43%	**(59,300)**	148,784	**3,588,929**	3,648,228

54. Particulars of Principal Subsidiaries of the Company (continued)

(ii) Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

Summarised financial information of Tianjin National Games Village is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	2019 **RMB'000**	2018 RMB'000
Current assets	**8,399,529**	11,155,577
Non-current assets	**40,205**	41,313
Current liabilities	**1,914,553**	3,938,831
Non-current liabilities	**49,288**	681,998
Equity attributable to owners of the Company	**2,886,964**	2,927,833
Non-controlling interests of Tianjin National Games Village	**3,588,929**	3,648,228

	Year ended **31 December** **2019** **RMB'000**	Year ended 31 December 2018 RMB'000
Revenue	**2,536,682**	11,542,441
Expenses	**2,649,510**	11,185,343
(Loss) profit and total comprehensive (expenses) income for the year	**(100,169)**	251,325
(Loss) profit and total comprehensive (expenses) income attributable to owners of the Company	**(40,869)**	102,541
(Loss) profit and total comprehensive (expenses) income attributable to the non-controlling interests of Tianjin National Games Village	**(59,300)**	148,784
Dividends paid to non-controlling interests of Tianjin National Games Village	**–**	–
Net cash inflow from operating activities	**(435,631)**	(479,840)

Definition

In this annual report, unless the context otherwise requires, the following expressions have the following meanings:

2006 Share Option Scheme	The share option scheme adopted by a resolution of the shareholders of the Company on 22 June 2006
Board	The Board of Directors of the Company
CCCC	China Communications Construction Company Limited, a joint stock limited company incorporated in the PRC with limited liability, whose H shares and A shares are listed on the Stock Exchange and the Shanghai Stock Exchange respectively
CCCG	China Communications Construction Group (Limited) (中國交通建設集團有限公司), a wholly state-owned company established in the PRC and a substantial Shareholder of the Company
Company/Greentown/Greentown China	Greentown China Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
Directors	The directors of the Company
GFA	Gross floor area
Greentown Group	Greentown China Holdings Limited and its subsidiaries together with its joint ventures and associates
Greentown Real Estate	Greentown Real Estate Group Co., Ltd.* (綠城房地產集團有限公司), a company established in the PRC and a wholly owned subsidiary of the Company
Group	Greentown China Holdings Limited and its subsidiaries
Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
PRC/China	The People's Republic of China
SFO	Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong
Share Option Scheme	The share option scheme adopted by a resolution of the shareholders of the Company on 17 June 2016
Shares	The shares of the Company

Sqm	Square metres
Stock Exchange/HKEx	The Stock Exchange of Hong Kong Limited
Wharf	The Wharf (Holdings) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00004)
Year	The year ended 31 December 2019

* *For identification purposes only*

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