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德信中国控股有限公司

Dexin China Holdings Company Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2019

2019
ANNUAL REPORT



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Corporate Information

EXECUTIVE DIRECTORS

Mr. Hu Yiping (*Chairman*)
Mr. Fei Zhongmin
Ms. Feng Xia

NON-EXECUTIVE DIRECTOR

Mr. Hu Shihao

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Wong Wing Kuen Albert
Mr. Ding Jiangang
Mr. Chen Hengliu

AUDIT COMMITTEE

Dr. Wong Wing Kuen Albert (*Chairman*)
Mr. Ding Jiangang
Mr. Hu Shihao

REMUNERATION COMMITTEE

Mr. Ding Jiangang (*Chairman*)
Mr. Chen Hengliu
Mr. Fei Zhongmin

NOMINATION COMMITTEE

Mr. Hu Yiping (*Chairman*)
Mr. Ding Jiangang
Mr. Chen Hengliu

AUTHORISED REPRESENTATIVES

Ms. Feng Xia
Ms. Chau Hing Ling

COMPANY SECRETARY

Ms. Chau Hing Ling

REGISTERED OFFICE

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

HEADQUARTERS IN THE PRC

Dexin Group
No. 588 Huanzhan East Road
Jianggan District
Hangzhou
Zhejiang, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 4510
45/F, The Center
99 Queen's Road Central
Central
Hong Kong

THE CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR

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

PRINCIPAL BANKS

Industrial and Commercial Bank of China, Hangzhou
Economic and Technical Development Zone Branch
Bank of China, Hangzhou Gaoxin Branch
Bank of Communications, Hangzhou Wenhui Branch
China CITIC Bank International, Hangzhou Qiantang
Branch

LEGAL ADVISERS

As to Hong Kong law:

Paul Hastings

As to PRC law:

Commerce & Finance Law Offices

As to Cayman Islands law:

Conyers Dill & Pearman

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22/F, Prince's Building
Central
Hong Kong

LISTING INFORMATION

Share Listing

The Company's ordinary shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock Code: 2019) on 26 February 2019

COMPANY'S WEBSITE

<http://www.dothinkgroup.com>

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors of Dexin China Holdings Company Limited (the "Company"), I am pleased to present the audited annual results and business review for the 12 months ended 31 December 2019 (the "Period under Review") and future outlook for 2020 of the Company and its subsidiaries (the "Group").

In 2019, faced with complex and severe internal and external situations, China continued to deepen supply-side structural reform and increase counter-cyclical adjustment, and the overall economic performance remained stable. In 2019, the property market still played an important role in China's economy. Chinese government put forward that we should adhere to the position of "no speculation on housing", fully implement the long-term management and regulation mechanism that is based on the city's policies, and stabilize land prices, housing prices and expectations. The real estate market has also shown strong economic resilience, with steady growth in sales price and sales amount, and a stable and healthy development trend on the whole.



During the Period under Review, faced with the changing market environment and increasingly fierce industry competition, the Group, based on the strategy of steady and balanced development, continued to improve its business structure, the synergies between different businesses and the overall operating efficiency by centering on the business development strategy of "one body, two wings". While achieving desirable business results, we gained recognition from the industry and customers.

With respect to the network development strategy, the Group continued to implement the deployment strategy of "being rooted in Zhejiang, focusing on the Yangtze River Delta, and extending to key hub cities of China" and made best efforts to develop cities with high development potentials and high-quality land resources. In 2019, the Group entered 5 new cities, adding about 4.74 million square meters of land reserve. Based on the principle of "setting production capacity by sales and directing investment by production capacity", the Group well controlled the land acquisition cost through diversified land acquisition methods. In 2019, 38 parcels of land were acquired by means of bid, auction and listing and purchase, merger and acquisition. The Group also collaborated with third party business partners to jointly acquire several project lands. As of 31 December 2019, the Group had a business network covering 23 cities, operated 133 projects, among which the Group operated 118 projects, and held a reserve of approximately 13.42 million square meters of high-quality land (including reserves of joint ventures and affiliates).

In 2019, while continuing to consolidate our leading position in the Yangtze River Delta region, the Group successfully entered the Guangdong-Hong Kong-Macao Greater Bay Area and won a number of high-quality projects in Guangzhou and Foshan. The proportion of the Group's land reserves in high value-add cities was further increased. About 65% of the Group's land reserves are located in the first- and second-tier cities, and about 30% are located in the strong third-tier cities. Currently, the Group has achieved the deployment of city clusters in the Yangtze River delta, the Pearl River delta, Chengdu-Chongqing and the economic belt of middle reach area of Yangtze River.

Chairman's Statement

In terms of business result, based on the in-depth insight into the Chinese real estate market and the implementation of a flexible business development strategy to effectively balance the size, brand and benefits, the Group achieved high-quality growth in 2019. For the year ended 31 December 2019, the Group's contracted sales (together with joint ventures and affiliates) were approximately RMB45.08 billion, with an increase of approximately 13.8% over 2018; the contracted sales area was approximately 2.46 million square meters, with an increase of approximately 5.2% over 2018. During the Period under Review, the Group recognized revenue of about RMB9.51 billion, with an increase of about 15.8% over 2018; and the net profit of the Group was approximately RMB2,257 million with a year-on-year growth of 22.6%. During the Period under Review, the net profit attributable to the Company's shareholders was about RMB1.56 billion, with an increase of about 7.1% over last year.

With respect to brand building and product operation, based on the brand positioning of "Your Life Companion", the Group adhered to the bottom line of craftsmanship and quality and practiced the brand image of "fine and distinctive Hangzhou workmanship". During the Period under Review, the Group further standardized product quality and refined the full-cycle quality control process to create a new "Elegant Mansion series", and developed five series of residential products covering demands of different levels of customers. In addition, the Group continued to improve the level of supporting services, and constantly improved the business ability to create a better life for customers relying on our "bosom friend life" and G+ residential system. We have been well recognized by our customers.

During the Period under Review, the Group won a number of honors and awards, including one of The Top 10 Winners in China's Real Estate Sector in 2019, one of The Influential Real Estate Enterprises in 2019, The Social Responsibility Award for Listed Real Estate Enterprises in China in 2019. The Group has won the title of "China's Top 100 Real Estate Enterprises" for seven consecutive years, ranking the 60th in 2019. The Group was also listed in the top 100 real estate brands and top 50 real estate projects in China in 2019. These honors and awards highlight the Group's market position and indicate that the Group's business development and performance are widely recognized by the market.

With respect to talent and cooperation mechanism, the Group attached great importance to talent introduction, echelon training and platform mechanism construction. We optimized the organizational structure from the following four aspects: flat structure, refined management, professionalization of talents and strengthening the construction of corporate culture, thus establishing an experienced management and operation team. We created the platform mechanism of "jointly creating, sharing and bearing" and the cooperation concept of openness, inclusiveness and win-win cooperation, so as to continuously stimulate the enthusiasm and creativity of every employee and partner.

The Group completed its initial public offering ("IPO") on 26 February 2019 and was listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The IPO effectively enriched the capital needed for the future development of the Group, improved the capital debt structure, and further improved the corporate governance structure and internal control management level, laying a solid foundation for the rapid development of the Group in the next stage. In addition, in August 2019, the Group issued overseas dollar senior notes for the first time, further expanding overseas financing channels. The diversification of financing channels is conducive to the long-term and steady development of the Group and will further enhance the Group's influence in the international capital market.

The Group was included in the MSCI China Small-cap Index in May 2019 and the Hang Seng Composite Index Series and Hong Kong Stock Connect in August 2019 thanks to its outstanding performance and good investment value. After Dexin China entered the Shenzhen-Hong Kong Stock Connect, mainland institutional investors and qualified individuals can trade the Company's shares through the Stock Connect, which will contribute to the improvement of the liquidity and valuation level of the Group's shares, and further enhance the visibility of the Company among institutional investors.

Chairman's Statement

In 2020, the Group will adhere to the development strategy of “one body, two wings”, focus on the core business, and continuously improve the operating efficiency. We will, with the purpose of satisfying the customer demand, continue to improve the core enterprise competitiveness, such as product competitiveness and brand awareness. In addition, the Group will adhere to the concept of rational investment and stable deployment, and fully grasp the development opportunity of urban rotation to further promote the implementation of the strategy of “being deeply rooted in the Yangtze River Delta Region and the key hub cities of China”.

In order to ensure the smooth implementation of the development strategy, the Group will continue to strengthen the refinement of management and improve its internal skills in 2020. The Group will further optimize the operation and financial management system, shorten the decision-making process, and improve the operation efficiency. In addition, the Group will continue to adopt sound financial control policies and further optimize the capital debt structure through diversified financing channels.

Facing the changing market environment, the Group will adhere to the development philosophy of “managing real estate enterprise with the standards of the manufacturing industry and the mindset of long-distance runners”, create better value for all shareholders, create a better life for customers, create a development platform for all employees to display their talents, and provide a stage for win-win development for all partners based on better business results and brand image, and develop Dexin into a respectable and sustainable enterprise.

Finally, on behalf of the Board of Directors, I would like to express my sincere thanks to all the shareholders for their support to the Company and all the employees for their hard work and efforts over the past year.

Chairman
Hu Yiping

Management Discussion and Analysis



GENERAL OVERVIEW

In 2019, despite the complex and changing internal and external environment, the Chinese economy still maintained a stable performance. According to statistics from National Bureau of Statistics of China, the GDP growth rate for the year ended 31 December 2019 was 6.1%, keeping the economy operating within a reasonable range. In terms of real estate, with the purpose of “stabilizing land prices, housing prices and expectations” in 2019, and based on the basic principle of “one policy for one city, and implementing policies according to local conditions”, the government accelerated the establishment of a long-term management mechanism for real estate finance, and maintained the steady development of the real estate market.

According to data from National Bureau of Statistics, the floor area of commercial housing sold in the year ended 31 December 2019 was approximately 1,715.58 million square meters, down 0.1% year-on-year approximately. Although the sales area of commercial housing declined slightly, the sales price and sales amount of real estate market still maintained steady growth. The average price of commercial housing sold in China for the year ended 31 December 2019 was about RMB9,310 per square meter, up 6.6% year-on-year. The sales totaled approximately RMB16 trillion, up 6.5% from the previous year, showing the strong resilience of China’s property sector.

Facing the constantly changing market environment and increasingly fierce industry competition, the Group, based on the deployment strategy of “being rooted in Zhejiang, focusing on the Yangtze River Delta, and extending to key hub cities of China”, successfully developed the Guangdong-Hong Kong-Macao Greater Bay Area and the city clusters of Chengdu-Chongqing and cities in the middle reaches of the Yangtze river, while continuing to consolidate its leading position in the Yangtze River Delta metropolitan area. In terms of products, the Group adhered to the high-standard construction quality management system, practiced the brand image of “fine and distinctive Hangzhou workmanship”, and further improved the standardized quality of the five product lines.

The Group was listed on the Stock Exchange in February 2019. Since the listing one year ago, with the support of shareholders and the unremitting efforts of employees, the Group, by adhering to the business development strategy of “one body, two wings” and practicing standardized control and efficient operation, has significantly improved its strength, set a new high in business performance and achieved high-quality growth.

BUSINESS REVIEW

The Group derives its revenue primarily from sales of properties and, to a lesser extent, property construction and project management services, lease of commercial properties and hotel operations. For the year ended 31 December 2019, the Group recorded a total revenue of approximately RMB9,513.0 million, representing a year-on-year increase of approximately 15.8%.

Contracted sales

For the year ended 31 December 2019, including those of joint ventures and associates, the Group recorded contracted sales of approximately RMB45,077 million, representing a year-on-year increase of approximately 13.8%, and contracted gross floor area (“GFA”) sold of approximately 2,462,000 sq.m., representing a year-on-year increase of approximately 5.2%. The average selling price (“ASP”) of our contracted sales for the year ended 31 December 2019 was approximately RMB18,308.5 per sq.m., representing a year-on-year increase of approximately 8.2%.

Management Discussion and Analysis

Sales of properties

For the year ended 31 December 2019, the revenue from sales of properties increased by approximately 16.0% year-on-year to approximately RMB9,433.1 million, accounting for approximately 99.2% of the total revenue of the Group. For the year ended 31 December 2019, the Group recognised total GFA of approximately 707,747 sq.m., representing an increase of approximately 42.2% as compared to the year ended 31 December 2018. The ASP of the properties recognised as property sales was approximately RMB13,328 per sq.m., representing a decrease of approximately 18.4% year-on-year. The decrease of ASP was mainly due to the increases in the GFA recognised for the projects with lower sales price in Ningbo and Quzhou.

Based in Zhejiang Province, the Group continued to expand into the Yangtze River Delta Region and key hub cities of China during the year.

The following table sets out the recognised sales and GFA sold of each city for the year ended 31 December 2019:

City	Recognised GFA sq.m.	Recognised ASP RMB/sq.m.	Recognised revenue RMB'000
Ningbo	135,571	15,195	2,059,973
Lishui	102,445	17,692	1,812,472
Wenzhou	153,134	10,645	1,630,160
Quzhou	145,546	10,961	1,595,390
Hangzhou	76,662	16,390	1,256,471
Taizhou	48,730	12,732	620,423
Huzhou	45,659	10,035	458,191
Total	707,747	13,328	9,433,080

Note:

Recognised revenue in the above table includes the revenue from residences, commercial spaces, car parks and storage spaces, and recognised GFA does not include the GFA of car parks and storage spaces.

Property construction and project management services

For the year ended 31 December 2019, the revenue from property construction and project management services decreased by approximately 68.1% year-on-year to approximately RMB13.1 million, accounting for approximately 0.1% of the total revenue of the Group. The decrease was primarily attributable to a decrease in the volume of our related business operation projects for the period.

Lease of commercial properties

For the year ended 31 December 2019, the rental income increased by approximately 102.5% year-on-year to approximately RMB54.7 million, accounting for approximately 0.6% of the total revenue of the Group. The increase was primarily attributable to an increase in occupancy rate of our investment properties such as Artificial Intelligence Industrial Park (AI產業園) in Hangzhou during the year.

Management Discussion and Analysis

Hotel operations

For the year ended 31 December 2019, the revenue from hotel operations decreased by approximately 13.1% year-on-year to approximately RMB12.1 million, accounting for approximately 0.1% of the total revenue of the Group.

Investment properties

The following table sets out a summary of the Group's investment properties as at 31 December 2019:

City	Project	Total GFA Held for Investment (sq.m.)	Leased GFA (sq.m.)	Total Rental Income for the Year Ended 31 December	
				2019 (RMB'000)	2018 (RMB'000)
Hangzhou					
1	Artificial Intelligence Industrial Park (AI產業園)	75,712	64,351	44,117	19,653
2	Elegant Mansion (九溪雲莊) ^(Note 1)	25,909	–	–	–
3	Sky City Phase I (天空之翼一期) ^(Note 1)	41,422	–	–	–
4	Hangzhou ONE (杭州ONE) ^(Note 1)	17,617	–	–	–
Huzhou					
5	Delan Square (德藍廣場)	13,082	11,541	3,816	4,452
Xuzhou					
6	Sky Scraper A (九龍城A地塊)	21,417	13,398	947	2,906
7	Sky Scraper B (九龍城B地塊)	52,006	8,275	2,137	–
Taizhou					
8	Shenxian Garden (神仙居文化主題樂園) ^(Note 2)	51,663	5,075	–	–
Shanghai					
9	Dexin • Zhizao 368 Project (德信 • 智造368項目)	58,176	5,744	653	–
Nanjing					
10	Nanjing Xianlinzhigu Industrial Park (南京仙林智谷產業園) ^(Note 1)	27,770	–	–	–
		384,774	108,384	51,670	27,011
Other rental income				3,039	–
Total				54,709	27,011

Note 1: As at 31 December 2019, the property was under development.

Note 2: As at 31 December 2019, part of the property was under development.

The Group will further improve the efficiency in operation of our investment properties to ensure stable rental income growth, and to strengthen earnings sustainability.

Management Discussion and Analysis

Land reserves

Leveraging on the Group's deep understanding of the property markets in the Yangtze River Delta Region and intensive studies on its target cities, the Group continued to strategically select and acquire parcels of land at strategic and advantageous locations in those regions and cities in order to further develop the Group's presence in those markets. As of 31 December 2019, the Group (together with its joint ventures and associates) had 133 projects with land reserves amounting to 13,419,267 sq.m., of which 124 projects were located in 16 cities in the Yangtze River Delta Region. Moreover, the Group had arranged its layout in the Guangdong-Hong Kong-Macao Greater Bay Area and the Chengyu City Group, and had successfully obtained quality projects in Guangzhou, Chengdu and Foshan through our subsidiaries and associated companies as of 31 December 2019.

The following table sets out the GFA of the Group's land reserves (together with its joint ventures and associates) by geographical locations as of 31 December 2019:

City	Total land reserves GFA (sq.m.)	Percentage of total land bank (%)
Hangzhou	4,030,940	30.0%
Wenzhou	2,034,777	15.2%
Huzhou	1,097,920	8.2%
Suzhou	70,170	0.5%
Taizhou	338,513	2.5%
Zhoushan	546,575	4.1%
Quzhou	170,228	1.3%
Ningbo	818,129	6.1%
Jinhua	408,295	3.0%
Lishui	1,458	0.0%
Xuzhou	648,717	4.8%
Changzhou	78,020	0.6%
Nanjing	594,206	4.4%
Shangrao	283,103	2.1%
Jiujiang	946,275	7.1%
Wuhan	237,664	1.8%
Shanghai	135,331	1.0%
Kunshan	114,693	0.9%
Chengdu	487,687	3.6%
Guangzhou	135,529	1.0%
Wuxi	87,390	0.7%
Foshan	153,647	1.1%
Total	13,419,267	100%

For the year ended 31 December 2019, the Group (together with its joint ventures and associates) acquired 38 new parcels of quality land primarily in Hangzhou, Wenzhou, Huzhou, Ningbo, Xuzhou, Nanjing, Suzhou, Wuhan, Shanghai, Wuxi, Kunshan, Chengdu, Guangzhou and Foshan, providing a total saleable GFA of new land reserves of 4,744,618 sq.m., at an average land cost of approximately RMB6,220.2 per sq.m.

Management Discussion and Analysis

Particulars of the land parcels are set out in the following table:

Name of Project	City	The Group's Equity Interest	GFA (sq.m.)	Total Consideration (RMB'000)	Attributable Consideration (RMB'000)	Land Cost (RMB/sq.m.)
Canal Mansion (運河雲莊)	Hangzhou	31.8%	167,493	2,221,870	706,777	13,265.4
Hangzhou Konggang Project (杭州空港項目)	Hangzhou	64.3%	411,860	710,538	456,876	1,725.2
Time City (時光之宸)	Hangzhou	94.7%	230,933	1,241,940	1,176,614	5,377.9
Xiasha University North Project (Douhuiqiantang) (下沙大學城北專案(都會錢塘))	Hangzhou	20.0%	187,906	1,233,910	246,782	6,566.6
Peng Bu Unit B/R/S41/S42-36 Land Parcel (彭埠單元B/R/S41/S42-36地塊)	Hangzhou	34.0%	93,120	1,594,960	542,286	17,128.0
Konggang Core District No. 1 Land Parcel (空港核心區1號地塊)	Hangzhou	20.1%	143,781	741,560	149,202	5,157.6
Shushan West Land Parcel Unit C-7 (蜀山西單元C-7地塊)	Hangzhou	25.0%	54,184	562,750	140,688	10,385.9
Shizi Tianmu (十字天幕)	Hangzhou	50.0%	125,596	2,115,290	1,057,645	16,842.0
Fuyang Dongzhou No.14 Land Parcel (富陽東洲14號地塊)	Hangzhou	100.0%	108,165	897,200	897,200	8,294.7
Ruian Mansion (熙瑞園)	Wenzhou	59.1%	56,472	182,896	108,073	3,238.7
Center Mansion (誠園)	Wenzhou	57.1%	51,032	349,875	199,884	6,856.0
The Riverside (博悅灣)	Wenzhou	31.6%	131,228	1,378,000	435,724	10,500.8
Central Masion (溫州永嘉望宸里)	Wenzhou	46.1%	37,397	207,120	95,462	5,538.4
City Lakeside (麓湖灣)	Wenzhou	47.3%	57,296	498,870	235,816	8,706.9
Taohuadaopian District T05-14a Land Parcel (Jiangyuewan) (桃花島片區T05-14a地塊(江月灣))	Wenzhou	11.4%	181,167	1,741,000	197,604	9,609.9
Ruian Nanyang Village Land Parcel (Fenghui) (里安南垟村地塊(峯蒼))	Wenzhou	16.0%	53,054	528,854	84,775	9,968.2
Deqing Moganshan 049 Land Parcel (德清莫干山049地塊)	Huzhou	100.0%	31,902	31,250	31,250	979.6
Dongqian Lake Land Parcel (Huchengdajing) (東錢湖地塊(湖成大境))	Ningbo	31.0%	173,290	1,611,225	499,158	9,297.9
Yuyao High Speed Rail Xincheng Project (余姚高鐵新城項目)	Ningbo	45.2%	264,231	532,360	240,520	2,014.8
Haishu District Yinfeng Land Parcel (海曙區鄞奉地塊)	Ningbo	5.6%	125,860	2,445,460	135,723	19,430.0
Academy Mansion (美的德信翰林府)	Xuzhou	49.0%	43,779	106,900	52,381	2,441.8
Xuzhou Station Land Parcel (徐州客運站地塊)	Xuzhou	90.0%	162,009	655,000	589,500	4,043.0

Management Discussion and Analysis

Name of Project	City	The Group's Equity Interest	GFA (sq.m.)	Total	Attributable	Land Cost (RMB/sq.m.)
				Consideration (RMB'000)	Consideration (RMB'000)	
Oriental Courtyard (煙嵐雲莊)	Nanjing	51.0%	63,095	420,000	214,200	6,656.6
Nanjing Qixia District Xianlin Industrial Park E Land Parcel (南京市棲霞區仙林產業園E地塊)	Nanjing	47.6%	140,200	77,745	37,007	554.5
Nanjing Xianlinzhigu FG1 Land Parcel (南京仙林智谷FG1地塊)	Nanjing	47.6%	62,180	246,000	117,096	3,956.3
Nanjing Xianlinzhigu IG2 Land Parcel (南京仙林智谷IG2地塊)	Nanjing	47.6%	58,230	70,800	33,701	1,215.9
Lishui Project (溧水項目)	Nanjing	51.0%	182,232	1,140,000	581,400	6,255.8
Wujiang Shengze Project (吳江盛澤項目)	Suzhou	40.6%	70,170	436,526	177,230	6,221.0
Jiangxia P (2019) No. 100 Land Parcel (江夏P (2019) 100號地塊)	Wuhan	30.0%	162,479	760,800	228,240	4,682.5
Dexin • Zhizao 360 Project (德信 • 智造368項目)	Shanghai	70.0%	58,176	226,805	158,764	3,898.6
Zhihui Gang (智慧港)	Shanghai	26.4%	77,155	348,000	91,872	4,510.4
Kunshan Qiangeng Town Hankun Road South Land Parcel (昆山市千燈鎮漢昆路南側地塊)	Kunshan	33.1%	114,693	644,980	213,359	5,623.5
Renshou County 2019 (TR) – 34 Land Parcel (Guanlan Courtyard) (仁壽縣2019(TR)-34號地塊 (觀瀾大院))	Chengdu	41.4%	107,390	389,000	161,007	3,622.3
Renshou County 2019 (TR) – 16、19、20 Land Parcel (Jinxiutiancheng) (仁壽縣2019(TR)-16、19、20地塊 (錦繡天成))	Chengdu	30.0%	380,297	713,500	214,050	1,876.2
Golden Mileage (Guangzhou Zengcheng Shaying Land Parcel) (金色里程(廣州增城沙滘地塊))	Guangzhou	20.0%	135,529	1,226,000	245,200	9,046.0
Elegant Yunxi (Tianyi Science and Technology Park) (雲溪名著(天一科技園))	Wuxi	36.0%	87,390	682,000	245,315	7,804.1
Foshan Chancheng Project (Jiangnanyin Fu) (佛山禪城項目(江南印府))	Foshan	21.1%	70,501	396,000	83,516	5,616.9
Foshan Gaoming Project (Langqing Yuan) (佛山高明項目(朗晴苑))	Foshan	51.0%	83,146	145,532	74,221	1,750.3
Total			4,744,618	29,512,516	11,156,118	6,220.2

Management Discussion and Analysis



HONORS

In 2019, thanks to its robust operation, the Group won many honors and rewards, including: The Achievement Model for 2019, one of The Top 10 Winners in China's Real Estate Sector in 2019, one of The Influential Real Estate Enterprises in 2019, The Social Responsibility Award for Listed Real Estate Enterprises in China in 2019, The Famous Brand Real Estate Enterprises in 2019, The Most Popular IPO Company Among Investors in Golden Hong Kong Stocks, and Trusted innovative Real Estate Company of the Year. The Group has won the title of "China's Top 100 Real Estate Enterprises" for seven consecutive years, ranking the 60th in 2019. The Group was also listed in the top 100 real estate brands and top 50 real estate projects in China in 2019. These honors and awards highlight the Group's market position and indicate that the Group's business development and performance are widely recognized by the market.

FINANCIAL REVIEW

Overall performance

During the year ended 31 December 2019, total revenue of the Group was approximately RMB9,513.0 million, representing a year-on-year increase of approximately 15.8%. Gross profit was approximately RMB3,059.3 million. Gross profit margin was approximately 32.2%. Net profit of the Group increased by approximately 22.6% year-on-year to approximately RMB2,256.6 million for the year ended 31 December 2019. Profit attributable to owners of the Company increased by approximately 7.1% year-on-year to approximately RMB1,556.5 million for the year ended 31 December 2019.

Revenue

For the year ended 31 December 2019, the Group recorded a total revenue of approximately RMB9,513.0 million, representing a year-on-year increase of approximately 15.8%. The increase was primarily attributable to the growth in recognised sales of properties, driven by an increase in the Group's property projects delivered during the year. Specifically, revenue from the sales of properties was approximately RMB9,433.1 million, representing a year-on-year increase of approximately 16.0%, accounting for approximately 99.2% of the total revenue of the Group; revenue from property construction and project management services was approximately RMB13.1 million, accounting for approximately 0.1% of the total revenue of the Group; rental income from the lease of commercial properties was approximately RMB54.7 million, representing a year-on-year increase of approximately 102.5%, accounting for approximately 0.6% of the total revenue of the Group; and revenue from hotel operations was approximately RMB12.1 million, accounting for approximately 0.1% of the total revenue of the Group.

Management Discussion and Analysis

Cost of sales

The cost of sales of the Group primarily consists of the costs incurred directly in relation to the property development and sales activities, property construction and project management services, lease of commercial properties and hotel operations.

For the year ended 31 December 2019, the cost of sales of the Group was approximately RMB6,453.7 million, representing a year-on-year increase of approximately 26.8%.

Gross profit

For the year ended 31 December 2019, the gross profit of the Group was approximately RMB3,059.3 million, representing a year-on-year decrease of approximately 2.1%. The decrease was primarily attributable to the decrease in overall gross profit margin from approximately 38.0% for the year ended 31 December 2018 to 32.2% for the year ended 31 December 2019. The decrease in overall gross profit margin was mainly due to increases in the GFA recognised for the projects with lower sales price in Ningbo and Quzhou during the year.

Other income

The Group had other income of approximately RMB81.6 million for the year ended 31 December 2019, as compared to approximately RMB37.3 million for the year ended 31 December 2018. The other income mainly derived from the management and consulting services provided to the Group's joint ventures and associates in relation to the property development projects of approximately RMB67.2 million (for the year ended 31 December 2018: approximately RMB33.8 million).

Other gains – net

The Group recorded net other gains of approximately RMB89.0 million for the year ended 31 December 2019 (for the year ended 31 December 2018: approximately RMB56.7 million). The Group's net other gains for the year ended 31 December 2019 mainly included gains on financial assets at fair value through profit or loss of approximately RMB34.3 million and exchange gains of approximately RMB25.5 million. The Group's net other gains for the year ended 31 December 2018 mainly represented gains on financial assets at fair value through profit or loss of approximately RMB10.7 million and exchange gains of approximately RMB10.5 million.

Fair value gains on investment properties

The Group develops and holds certain of its commercial properties such as commercial centres, office buildings, shopping malls, serviced apartments and car parks for rental income or capital appreciation, or both. Any increase or decrease in the Group's investment property value is recognised as fair value gains or losses in the Group's consolidated financial statements.

For the year ended 31 December 2019, the Group recorded fair value gains on investment properties of approximately RMB186.2 million (for the year ended 31 December 2018: approximately RMB191.7 million), which was primarily attributable to the continuing expansion of its investment property portfolio such as Dexin • Zhizao 368 Project (德信 • 智造368項目), Hangzhou Artificial Intelligence Industrial Park (杭州AI產業園) and Nanjing Xianlinzhigu Industrial Park (南京仙林智谷產業園).

Selling and marketing expenses

The Group's selling and marketing expenses increased by approximately 55.5% year-on-year from approximately RMB294.3 million for the year ended 31 December 2018 to approximately RMB457.6 million for the year ended 31 December 2019. The increase was primarily attributable to the increase in marketing and advertising costs and staff costs, driven by the rapid growth in the Group's contracted sales and the number of sales staff during the year.

Management Discussion and Analysis

Administrative expenses

The Group's administrative expenses increased by approximately 59.5% year-on-year from approximately RMB451.9 million for the year ended 31 December 2018 to approximately RMB720.7 million for the year ended 31 December 2019. The increase was primarily attributable to (i) the increase in employee benefit expenses, driven by the increase in number of new development projects and the rise in staff salaries and benefits; (ii) the increase in consulting and project management fees, and office expenses, driven by (a) the Group's effort to penetrate and expand to more cities in its targeted regions and (b) the increased number of projects during the year.

Finance costs – net

Finance costs of the Group increased by approximately 15.1% year-on-year from approximately RMB375.3 million for the year ended 31 December 2018 to approximately RMB431.9 million for the year ended 31 December 2019. The increase was primarily attributable to (i) the increase in interest-bearing debts for the purposes of land acquisition and properties development business, and (ii) issuance of senior notes with a principal amount of US\$300 million during the year ended 31 December 2019.

Share of results of joint ventures and associates

The Group accounts for the results of joint ventures and associates using the equity method, which mainly represent the share of profits related to the projects delivered during the relevant period that have been offset by losses incurred by other joint ventures and associates.

Share of profits of joint ventures and associates increased significantly by approximately 103.0% year-on-year from approximately RMB579.1 million for the year ended 31 December 2018 to approximately RMB1,175.3 million for the year ended 31 December 2019. The increase was primarily attributable to the increase in revenue from sales of properties of the joint ventures and associates as ten projects were completed and delivered by the joint ventures and associates of the Group during the year (for the year ended 31 December 2018: six).

Income tax expenses

Income tax expenses of the Group decreased by approximately 29.3% year-on-year from approximately RMB1,025.6 million for the year ended 31 December 2018 to approximately RMB724.6 million for the year ended 31 December 2019, which was primarily attributable to (i) the decrease of land appreciation tax as the land appreciation rate of the Group's projects whose revenue was recognised during 2019 was relatively low; (ii) the decrease of corporation income tax as profit before income tax after excluding share of results of joint ventures and associates was lower for the year ended 31 December 2019.

Profit and total comprehensive income for the year

As a result of the foregoing reasons, the Group's profit and total comprehensive income increased by approximately 22.6% from approximately RMB1,841.0 million for the year ended 31 December 2018 to approximately RMB2,256.6 million for the year ended 31 December 2019. The profit attributable to owners of the Company increased by approximately 7.1% from approximately RMB1,453.5 million for the year ended 31 December 2018 to approximately RMB1,556.5 million for the year ended 31 December 2019.

The basic and diluted earnings per share of the Company is RMB0.60 per share for the year ended 31 December 2019, representing a decrease of approximately 15.5% from RMB0.71 per share for the year ended 31 December 2018.

Liquidity and financial resources

The Group has always pursued a prudent treasury management policy and actively manages its liquidity position with sufficient standby banking facilities to cope with daily operation and any demands for capital for future development.

During the year ended 31 December 2019, the Group funded its operations, working capital, capital expenditure and other capital requirements primarily from cash generated from its operations, mainly including proceeds from the pre-sales and sales of properties, receipt of rental income, income generated from investment properties, as well as bank loans and borrowings from other financial institutions.

Management Discussion and Analysis

As of 31 December 2019, the Group had a total cash and cash equivalents (including restricted cash) of approximately RMB9,570.1 million as compared to approximately RMB7,488.2 million as of 31 December 2018. The increase was primarily due to the increase in proceeds from sales of properties. The Group's cash and cash equivalents are denominated in RMB, USD and HKD.

During the year ended 31 December 2019, the aggregate new borrowings from bank and other financial institutions obtained by the Group amounted to approximately RMB12,287.2 million and repayment of borrowings from bank and other financial institutions was approximately RMB7,217.7 million. As of 31 December 2019, the Group's total borrowings from bank and other financial institutions amounted to approximately RMB14,848.1 million, representing an increase of approximately 51.8% compared to approximately RMB9,778.6 million as of 31 December 2018. Amongst the borrowings from bank and other financial institutions, approximately RMB5,540.2 million (as at 31 December 2018: approximately RMB5,354.7 million) will be repayable within one year and approximately RMB9,307.9 million (as at 31 December 2018: approximately RMB4,423.9 million) will be repayable after one year. The Group's borrowings are mainly denominated in RMB and USD.

As of 31 December 2019, the Group had signed total facilities from bank and other financial institutions of approximately RMB16,450.5 million and unused facilities from bank and other financial institutions of approximately RMB1,602.4 million.

Senior notes

In August 2019, the Company issued senior notes with a principal amount of US\$200 million due in August 2021 (the "**2021 Senior Notes**") which were listed on the Stock Exchange (Stock Code: 5624) on 7 August 2019. The 2021 Senior Notes, bearing interest at a fixed rate of 12.875% per annum with interest payable semi-annually in arrears, will mature in August 2021.

In November 2019, the Company issued senior notes with a principal amount of US\$100 million due in August 2021 (to be consolidated with and form a single series with the US\$200 million 12.875% 2021 Senior Notes issued in August 2019) (the "**2021 Senior Notes II**") which were listed on the Stock Exchange (Stock Code: 5624). The 2021 Senior Notes II, bearing interest at a fixed rate of 12.875% per annum with interest payable semi-annually in arrears, will mature in August 2021.

The issuance of the abovementioned senior notes was for the purpose of supplementing existing onshore indebtedness and refinancing working capital purposes.

Credit rating

Our international credit rating agencies endorsed the efforts of the Company in sales execution, satisfactory cash collection record and disciplined land acquisition. During the year ended 31 December 2019, Standard & Poor's and Moody's assigned the Company's issuer credit rating at "B" (with "Stable" outlook) and "B2" (with "Stable" outlook) respectively.

Key financial ratios

As of 31 December 2019, the Group's net gearing ratio (calculated as the total interest-bearing debts net of restricted cash, cash and cash equivalents divided by total equity) was 68.7%, an increase of 1.1 percentage points as compared with 67.6% as of 31 December 2018. The increase was primarily attributable to the Group's continuous expansion of land bank to meet the development needs in the future.

The Group's current ratio was calculated based on its total current assets divided by its total current liabilities as of the respective dates. The Group's current ratio had increased from approximately 1.18 times as of 31 December 2018 to approximately 1.29 times as of 31 December 2019. The improvement of current ratio was mainly due to the decrease in the proportion of short-term borrowings over total borrowings from bank and other financial institutions from approximately 54.8% as at 31 December 2018 to approximately 37.3% as of 31 December 2019.

Management Discussion and Analysis

Foreign exchange risk

The Group mainly operates its business in China. Other than the foreign currency denominated bank deposits and senior notes, the Group did not have any other material direct exposure to foreign exchange fluctuations for the year ended 31 December 2019. Although RMB depreciated against U.S. dollar and Hong Kong dollar in 2019, the Directors expect that any fluctuation of RMB's exchange rate will not have any material adverse effect on the operation of the Group.

The Group will closely monitor the exchange rate risk regularly and make foreign exchange hedging arrangement when necessary. The Group considers that no foreign exchange hedging arrangement is needed currently.

Pledge of assets

As of 31 December 2019, certain of the Group's borrowings from bank and other financial institutions were secured by its properties held for sale, properties under development, land use rights and investment properties, with carrying value of approximately RMB21,237.1 million as of 31 December 2019 (31 December 2018: approximately RMB17,277.6 million). The Group's equity interests in certain subsidiaries were pledged as security for borrowings as at 31 December 2019.

Commitments

As of 31 December 2019, the Group had commitments that are contracted but not provided as follows:

	31 December 2019 (RMB'000)	31 December 2018 (RMB'000)
Property development activities	10,690,499	5,664,496
Property, plant and equipment	12,630	8,622
Investments in joint ventures and associates	370,239	60,284
Investment properties	345,320	163,225
Total	11,418,688	5,896,627

Financial guarantees and contingent liabilities

As of 31 December 2019, the Group's total financial guarantees are as follows:

	31 December 2019 (RMB'000)	31 December 2018 (RMB'000)
Guarantee in respect of mortgage facilities for certain purchasers	12,603,058	9,830,260
Guarantee provided for the borrowings of joint ventures and associates	2,469,100	1,587,410
Guarantee provided for the borrowings of third parties	193,300	459,210
Total	15,265,458	11,876,880

Management Discussion and Analysis

The Group has arranged bank mortgage financing for certain purchasers of the Group's property units and provided guarantees to the relevant banks to secure repayment obligations of such purchasers. As of 31 December 2019, the maximum amount of guarantees provided by the Group to the relevant banks for the mortgage arrangements of the Group's purchasers amounted to approximately RMB12,603.1 million (31 December 2018: approximately RMB9,830.3 million). These include guarantees which will be terminated upon the earlier of the following two dates: (i) the date when the property ownership rights are transferred to the purchasers, and the related building ownership certificates to which banks are beneficiaries are registered, or (ii) the date when mortgage loans are settled between the mortgagee bank and the purchaser, under the circumstance that the purchaser pays off the purchase price in advance.

Pursuant to the terms of these guarantees, if any of the Group's property purchasers default in their repayment obligations to the banks, the Group is responsible for repaying the outstanding mortgage principal together with accrued interest and penalty owed by the defaulting purchasers to the banks and thereupon the Group is entitled to take over the legal title and possession of the relevant property units. The Group's guarantee period starts from the dates of grant of the mortgage facilities to its purchasers by the relevant banks.

The Group provided guarantees for borrowings of its joint ventures and associates, which amounted to approximately RMB2,469.1 million as of 31 December 2019 (31 December 2018: approximately RMB1,587.4 million). The relevant borrowings were primarily from banks to finance property development projects of these joint ventures and associates, whereby the land use rights of the joint ventures and associates were pledged to the banks and the Group's guarantee was provided in addition to the pledges. As the fair value of the relevant land use rights pledged by the relevant joint ventures and associates are generally higher than the borrowing amounts, the Group's credit risk exposure associated with such guarantee is contained.

The Group provided guarantees for borrowings of third parties, which amounted to approximately RMB193.3 million as of 31 December 2019 (31 December 2018: approximately RMB459.2 million). The amount represented the maximum exposure of the guarantees provided for the borrowings of the independent third parties as of the respective balance sheet dates.

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

Material acquisitions and disposals of subsidiaries, associates and joint ventures

For the year ended 31 December 2019, the Group had entered into the following material acquisitions and disposals:

On 20 March 2019, Hangzhou Dechuang Corporate Management Co., Ltd. ("**Hangzhou Dechuang**") (an indirect non-wholly owned subsidiary of the Company) entered into an investment development cooperation agreement with Hangzhou Land Investment Holding Group Co., Ltd., Zhejiang Zhongnan Wenlv Group Co., Ltd. and Hangzhou Zhongnan Kaiyuan Property Management Co., Ltd. (the "**Vendors**"), pursuant to which Hangzhou Dechuang acquired from the Vendors 70% of the equity interest in Hangzhou Konggang Real Estate Co., Ltd., which owns the land use rights of the Konggang West Commercial District Land Lot No. 1 located in the Hangzhou Airport Economic Zone in Xiaoshan District, Hangzhou City, Zhejiang Province, the PRC.

On 11 April 2019, Ningbo Xinhan Real Estate Data Consultation Co., Ltd. ("**Ningbo Xinhan**") (an indirect non-wholly owned subsidiary of the Company) entered into a cooperation agreement with Ningbo Jinxiang Real Estate Development Co., Ltd., pursuant to which Ningbo Xinhan acquired 50% of the equity interest in Ningboshi Yinzhou Jinliang Corporate Management Consultation Co., Ltd. (the "**Ningboshi Yinzhou Jinliang**"). Ningboshi Yinzhou Jinliang holds 100% equity interest in Ningbo Jinqian Real Estate Development Co., Ltd., which owns the land use right of a piece of land located in Yinzhou District, Ningbo City, Zhejiang Province, the PRC.

Management Discussion and Analysis



On 24 October 2019, Dexin Real Estate Group Co., Ltd. (“**Dexin Real Estate**”) (an indirect wholly-owned subsidiary of the Company), Hangzhou Kaiding Corporate Management Co., Ltd. (the “**Target Company**”) (an indirect wholly-owned subsidiary of the Company), Sunny Fond Investment Limited (“**Sunny Fond Investment**”) (an indirect wholly-owned subsidiary of China SCE Group Holdings Limited, a company listed on the Stock Exchange (stock code: 1966) and principally engaged in property development, commercial management, property management and rental apartments business), Hangzhou Douding Corporate Management Consulting Co., Ltd. (“**Hangzhou Douding**”) (an indirect wholly-owned subsidiary of Gemdale Properties and Investment Corporation Limited, a company listed on the Stock Exchange (stock code: 535) and principally engaged in property development, property investment, property management and microfinance) and Hangzhou Junxing Properties Co., Ltd. (the “**Project Company**”) entered into a cooperation agreement, pursuant to which, (i) Dexin Real Estate agreed to further contribute RMB335,087,537.45 to the registered capital of the Target Company, after which the Target Company will be held by Dexin Real Estate and Hangzhou Douding as to 50.75% and 49.25%, respectively; and (ii) the Target Company agreed to contribute RMB1,080,121,212.12 to the registered capital of the Project Company (a wholly-owned subsidiary of Sunny Fond Investment as at the date of this annual report), after which the Project Company will be held by the Target Company and Sunny Fond Investment as to 67% and 33%, respectively. The Project Company owns the land use right of a piece of land located in Hangzhou City, Zhejiang Province, the PRC.

Save as aforesaid, there was no other material acquisition and disposal of subsidiaries, associates or joint ventures by the Group during the reporting period.

Future plans for material investments

The Group will continue to invest in its property development projects and acquire suitable land parcels, if it thinks fit. These investments will be funded by internal resources and external borrowings. Save as disclosed above, the Group did not have any future plans for material investments as of the date of this report.

Significant subsequent events

Senior notes

Subsequent to the end of the reporting period, the Company issued senior notes in January 2020 with a principal amount of US\$200 million due in 2022 (the “**2022 Senior Notes**”) which were listed on the Stock Exchange (Stock Code: 40136) on 24 January 2020. The 2022 Senior Notes, bearing interest at a fixed rate of 11.875% per annum with interest payable semi-annually in arrears, will mature in April 2022.

Management Discussion and Analysis

Coronavirus Disease 2019

Since early 2020, the epidemic of Coronavirus Disease 2019 (the “COVID-19 outbreak”) has spread across China and other countries and it has affected the business and economic activities of the Group to some extent.

The overall financial effect of the above cannot be reliably estimated as of the date of this annual report.

The Group will pay close attention to the development of the COVID-19 outbreak and continue to evaluate its impact on the leasing market, the financial position and operating results of the Group.

Employee and remuneration policy

As of 31 December 2019, the Group had a total of 1,617 employees (31 December 2018: 1,328 employees). Total expenditure on salary and welfare of the Group’s employees for the year ended 31 December 2019 amounted to approximately RMB521.7 million (for the year ended 31 December 2018: approximately RMB352.9 million). The Group has adopted a system of determining the remuneration of employees based on the performance of employees. In general, the Group provides competitive remuneration packages to employees, which include basic salaries, performance-based rewards and year-end bonus. The Group also pays social security insurance for the Group’s employees, including medical insurance, work-related injury insurance, endowment insurance, maternity insurance, unemployment insurance and housing funds. In addition, the Group has formulated a project co-investment scheme and have adopted a share option scheme on 11 January 2019 to fully enhance the enthusiasm of the Group’s employees. In terms of employee training, the Group provides consistent and systematic training to employees based on their positions and expertise, in order to enhance their expertise in real estate and their related fields.

Index component changes

Included in MSCI China Small Cap Index

On 15 May 2019, the Group was included in the MSCI China Small Cap Index thanks to its outstanding performance. The MSCI China Small-cap Index is designed to measure the performance of small-cap stocks in the Chinese market. Its components generally include companies with operating entities in China and good business result and growth potential. It fully reflects the international capital market’s recognition of the Group’s business capability and future development potential, and can enhance the Group’s reputation among institutional investors.

Included in the Hang Seng Composite Index and Shenzhen-Hong Kong Stock Connect

The Company was included in the Hang Seng Index series in August 2019 and formally entered the Shenzhen-Hong Kong Stock Connect in September 2019, which reflects the full recognition of the Company by the capital market. After the Company entered the Shenzhen-Hong Kong Stock Connect, mainland institutional investors and qualified individuals can trade the Company’s shares through the Stock Connect, which will contribute to the liquidity and valuation level of the Group’s shares.

Future outlook

After the outbreak of COVID-19 in early 2020, various prevention and monitoring measures has been and will be implemented all over the country by the Chinese government. The Group will closely focus on the development of the novel coronavirus pneumonia and assess its impact on the Group’s financial position and business result.

In 2020, the Group will adhere to the development strategy of “one body, two wings”, focus on the core business, and continuously improve the operating efficiency. We will, with the purpose of satisfying the customer demand, continue to improve the core enterprise competitiveness, such as product competitiveness and brand awareness. In addition, the Group will adhere to the concept of rational investment and stable deployment, and fully grasp the development opportunity of urban rotation to further promote the implementation of the strategy of “deeply rooted in the Yangtze River Delta Region and the key hub cities of China”.

Management Discussion and Analysis

In order to ensure the smooth implementation of the development strategy, the Group will continue to strengthen the refinement of management and improve its internal skills in 2020. The Group will further optimize the operation and financial management system, shorten the decision-making process, and improve the operation efficiency. In addition, the Group will continue to adopt sound financial control policies and further optimize the capital debt structure through diversified financing channels.

The following table sets out the GFA breakdown of the Group's land reserves (together with its joint ventures and associates) by geographical location as of 31 December 2019:

	Completed		Under development	Held for future development	Total land reserves
	Saleable GFA unsold	Rentable GFA held for investment	GFA under development	Planned GFA	Total GFA
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)
Real estate projects developed by our subsidiaries					
Hangzhou	2,393	75,712	1,521,032	233,761	1,832,898
Wenzhou	226,174	–	806,177	–	1,032,351
Huzhou	44,664	13,082	629,923	29,749	717,418
Suzhou	–	–	–	70,170	70,170
Taizhou	–	15,755	274,488	48,270	338,513
Zhoushan	129,921	–	189,893	–	319,814
Quzhou	2,626	–	166,268	–	168,894
Ningbo	9,122	–	418,916	264,231	692,269
Lishui	1,458	–	–	–	1,458
Xuzhou	40,143	73,423	329,363	162,009	604,938
Hefei	–	–	–	–	–
Nanjing	–	–	151,364	442,842	594,206
Shangrao	–	–	283,103	–	283,103
Wuhan	–	–	75,185	–	75,185
Shanghai	–	58,176	–	–	58,176
Wuxi	–	–	87,390	–	87,390
Chengdu	–	–	107,390	–	107,390
Foshan	–	–	45,857	37,289	83,146
Sub-total	456,501	236,148	5,086,349	1,288,321	7,067,319

Management Discussion and Analysis

	Completed	Under development	Held for future development	Total land reserves	
	Saleable GFA unsold (sq.m.)	Rentable GFA held for investment (sq.m.)	GFA under development (sq.m.)	Planned GFA (sq.m.)	Total GFA (sq.m.)
Projects held by our joint ventures					
Hangzhou	172,250	74,851	286,818	–	533,919
Wenzhou	1,588	–	–	–	1,588
Zhoushan	–	–	57,462	–	57,462
Jinhua	47,243	–	–	–	47,243
Guangzhou	–	–	83,370	52,159	135,529
Shanghai	–	–	77,155	–	77,155
Sub-total	221,081	74,851	504,805	52,159	852,896
Projects held by our associated companies					
Hangzhou	128,303	–	1,388,516	147,304	1,664,123
Wenzhou	10,978	–	936,806	53,054	1,000,838
Huzhou	57,546	–	322,956	–	380,502
Zhoushan	–	–	169,299	–	169,299
Quzhou	1,334	–	–	–	1,334
Jinhua	–	–	361,052	–	361,052
Ningbo	–	–	–	125,860	125,860
Changzhou	–	–	78,020	–	78,020
Jiujiang	–	–	946,275	–	946,275
Kunshan	–	–	–	114,693	114,693
Chengdu	–	–	–	380,297	380,297
Xuzhou	–	–	–	43,779	43,779
Foshan	–	–	28,662	41,839	70,501
Wuhan	–	–	–	162,479	162,479
Sub-total	198,161	–	4,231,586	1,069,305	5,499,052
Total	875,743	310,999	9,822,740	2,409,785	13,419,267

Management Discussion and Analysis

The following table sets out a summary of the Group's property projects as at 31 December 2019:

City	Project/Phase	Project Status	Project Location	Existing use of the project	Lease expiry
Investment Properties					
Hangzhou	Sky City Phase I (天空之翼一期)	Under Development	Xiao Zheng Chu Chu Land Parcel (2017) No.19	Residential and commercial	2058
Hangzhou	Elegant Mansion (九溪雲莊)	Under Development	Hang Zheng Chu Chu Land Parcel (2017) No.41	Residential	2087
Hangzhou	Hangzhou ONE (杭州ONE)	Under Development	Yu Zheng Chu Chu Land Parcel (2013) No.71#	Commercial	2057
Hangzhou	Artificial Intelligence Industrial Park (AI產業園)	Completed	Land Parcel 330108003029GB000031	Industrial	2052
Huzhou	Delan Square (德藍廣場)	Completed	Land Parcel 001-106-000-00038-000	Residential and commercial	2046
Taizhou	Shenxian Garden Phase I (神仙居文化主題樂園一期)	Under Development	Baitazhen 2015119 Land Parcel	Commercial	2057
Taizhou	Shenxian Garden Phase II (神仙居文化主題樂園二期)	Under Development	Land Parcel G2018160	Commercial	2058
Xuzhou	Sky Scraper A (九龍城A地塊)	Completed	Land Parcel 2020-08G	Residential and commercial	2050
Xuzhou	Sky Scraper B (九龍城B地塊)	Completed	Land Parcel 2020-01G	Residential and commercial	2051
Nanjing	Nanjing Xianlinzhigu Industrial Park – Phase I (南京仙林智谷產業園一期)	Under Development	Land Parcel No.Ning 2018GY04	Science education	2068
Nanjing	Nanjing Xianlinzhigu Industrial Park – Phase II (南京仙林智谷產業園二期)	Under Development	Land Parcel No.Ning 2018GY05	Science education	2068
Shanghai	Dexin•Zhizao 368 Project (德信•智造368項目)	Completed	Songjiang Land Parcel No. 905	Industrial	2052

Management Discussion and Analysis

City	Project/Phase	Project Status	Project Location	Primary intended use of the project
Development Properties				
Hangzhou	Zenith Garden (臻園)	Completed	Hang Zheng Chu Chu Land Parcel [2019] No.50	Residential
Hangzhou	North Sea Park (北海公園)	Completed	Hang Zheng Chu Chu Land Parcel [2010] No.41	Residential
Hangzhou	East Mansion (東方星城)	Completed	Hang Zheng Chu Chu Land Parcel [2015] No.3 Pengbu R21-08	Residential
Hangzhou	Celebrity Mansion (君宸)	Completed	Xiao Zheng Chu Chu Land Parcel (2015) No.9	Residential
Hangzhou	Hyde Park (海德公園)	Completed	Yu Zheng Chu Chu Land Parcel (2015) No.65	Residential
Hangzhou	Junshang Palace (郡上藍灣)	Completed	Hang [2016] Land Parcel No. 8 Changnu Unit R21-01B	Residential
Hangzhou	River Qiantang (大江源著)	Completed	Hang Daijiangdong Chu Chu [2017] Land Parcel No. 5 Zongdi	Residential
Hangzhou	Montnorth (悅見山)	Under Development	Yu Zheng Chu Chu Land Parcel (2017) No.8	Residential and commercial
Hangzhou	Majestic Mansion (印江南)	Under Development	Xiao Zheng Chu Chu Land Parcel [2017] No.14	Residential and commercial
Hangzhou	Shixin Palace (市中心)	Under Development	Xiao Zheng Chu Chu Land Parcel (2018) No.4	Residential and commercial
Hangzhou	Daijiang One (大江壹號)	Under Development	Hang Daijiangdong [2017] Land Parcel No. 9	Residential and commercial
Hangzhou	Golden Mansion (世紀金宸)	Under Development	Xiao Zheng Chu Chu Land Parcel (2018) No.2	Residential and commercial
Hangzhou	Bay Cloud (德信佳源金茂府)	Under Development	Xiao Zheng Chu Chu Land Parcel (2018) No.12	Residential
Hangzhou	Time Mansion (時代公館)	Under Development	Xiao Zheng Chu Chu Land Parcel (2018) No.19	Residential and commercial
Hangzhou	Qiantang Mansion (錢塘雲莊)	Under Development	Hang Zheng Chu Chu Land Parcel (2018) No.34	Residential
Hangzhou	Hang [2018] No.20 Jiang Village Land Parcel Unit C-29 (杭[2018]20號 蔣村單元C-29地塊)	Under Development	Xihu District Hang Zheng Chu Chu Land Parcel (2018) No.20 Project	Commercial
Hangzhou	New Shixin Palace (Chinoiserie Mansion) (新市中心(九章賦))	Under Development	Xiao Zheng Chu Chu Land Parcel [2018] No.24 Shushan Unit	Residential
Hangzhou	Hangzhou Wings (杭州之翼)	Completed	Hang Zheng Chu Chu Land Parcel (2013) No.48	Commercial
Hangzhou	Center Hangzhou (時代之心)	Completed	Hang Zheng Chu Chu Land Parcel (2016) No.31	Commercial
Hangzhou	Huanyi City (環翼城)	Under Development	Hang Zheng Chu Chu Land Parcel (2017) No.95	Commercial
Hangzhou	Canal Mansion (運河雲莊)	Under Development	Yu Zheng Chu Chu Land Parcel (2019) No.2	Residential
Hangzhou	Hangzhou Konggang Project (杭州空港項目)	Under Development	Xiao Zheng Chu Chu Land Parcel (2013) No.2	Commercial
Hangzhou	Time City (時光之宸)	Under Development	Xiao Zheng Chu Chu Land Parcel (2019) No.6	Residential
Hangzhou	Peng Bu Unit B/R/S41/S42-36 Land Parcel (彭埠單元B/R/S41/S42-36地塊)	Under Development	Hang Zheng Chu Chu Land Parcel (2019) No.22	Residential and commercial

Management Discussion and Analysis

City	Project/Phase	Project Status	Project Location	Primary intended use of the project
Hangzhou	Xiasha University North Project (下沙大學城北專案(都會錢塘))	Completed	Hang Zheng Chu Chu Land Parcel (2017) No.17	Residential and commercial
Hangzhou	Konggang Core District No. 1 Land Parcel (空港核心區1號地塊)	Under Development	Xiao Zheng Chu Chu Land Parcel (2019) No.25	Residential and commercial
Hangzhou	Shushan West Land Parcel Unit C-7 (蜀山西單元C-7地塊)	Held for Future Development	Xiao Zheng Chu Chu Land Parcel (2019) No.22	Residential and commercial
Hangzhou	Shizi Tianmu (十字天幕)	Held for Future Development	Hang Zheng Chu Chu Land Parcel (2019) No.61	Residential and commercial
Hangzhou	Fuyang Dongzhou No.14 Land Parcel (富陽東洲14號地塊)	Held for Future Development	Fu Zheng Chu Chu Land Parcel (2019) No.9	Residential
Wenzhou	Berlin Mansion (柏林公館)	Completed	Ouhai Louqiaohengyu Unit B-01 Land Parcel	Residential and commercial
Wenzhou	No. 1 Lakeside (湖濱一號)	Completed	Wutian West Unit B-20 Land Parcel	Residential
Wenzhou	Haipai Mansion Phase I (海派嘉園一期)	Completed	Ouhai D-06a-02 Land Parcel	Residential and commercial
Wenzhou	Haipai Mansion Phase II (海派嘉園二期)	Completed	Ouhai D-06a-01 Land Parcel	Residential and commercial
Wenzhou	Grade Mansion (悅城)	Completed	Ouhai B-18 Land Parcel	Residential and commercial
Wenzhou	Royal Mansion (上府)	Completed	Land Parcel A-07a	Residential and commercial
Wenzhou	Grand Kingdom (大悅灣)	Completed	Ouhai B-05 Land Parcel	Residential and commercial
Wenzhou	Borui Palace (鉅瑞灣)	Completed	Land Parcel 2016XG004	Residential and commercial
Wenzhou	Wenzhou Courtyard (鹿城大院)	Completed	Qi Dou Laoacun C08、C09 Land Parcel	Residential
Wenzhou	Yueqing Palace (樂清府)	Completed	Leqing Central District Land Parcel G-b3	Residential
Wenzhou	Country Garden (府前一號)	Completed	Wenzhou Economy Technology Development District Jinhaiyuan District Land Parcel D-03a	Residential and commercial
Wenzhou	Kashima A (鹿島甲第)	Completed	Qi Dou Kong Gui 04-C-19 Land Parcel	Residential and commercial
Wenzhou	Nine Villa (玖號院)	Completed	OuhaiDistrict Wutian New District A-4-02a Land Parcel	Residential and commercial
Wenzhou	Time Mansion (時代公館)	Completed	Ouhai Center South B-35 Land Parcel	Residential and commercial
Wenzhou	Courtyard in Longwan (龍灣大院)	Under Development	Yongqiang North Pianqu Yaoxi South Land Parcel Unit 12-H-18b	Residential and commercial
Wenzhou	Dexin SSAW Boutique Hotel (德信君亭酒店)	Under Development	Zongdi No. 33030401800040015	Commercial
Wenzhou	Todown (觀瀾苑)	Under Development	Wenzhou Minying Economy Technology Industrial Base Land Parcel A-24b	Residential

Management Discussion and Analysis

City	Project/Phase	Project Status	Project Location	Primary intended use of the project
Wenzhou	Ideal Mansion (理想之城)	Under Development	Yongqiang North Pianqu Longshui South Land Parcel Unit YB-04-J08a	Residential
Wenzhou	Gorgeous Palace (翡麗灣)	Under Development	Qi Dou 04-C-14~18 Land Parcel	Residential and commercial
Wenzhou	Cloud Class (雲著)	Under Development	Wutian New District Unit D-1-06a Land Parcel	Residential and commercial
Wenzhou	Majestic Mansion (御宸府)	Under Development	Leqing Central District Partial Land Parcel E-b11-1	Residential
Wenzhou	Phillippe Cloud (翡麗雲邸)	Under Development	Jinhaiyuan District Land Parcel C-09	Residential and commercial
Wenzhou	Ruian Mansion (熙瑞園)	Under Development	Land Parcel 2018XG032	Residential
Wenzhou	Center Mansion (誠園)	Under Development	Land Parcel 2018XG033	Residential and commercial
Wenzhou	The Riverside (博悅灣)	Under Development	Taohuadiao T05-07 Land Parcel	Residential and commercial
Wenzhou	Central Masion (溫州永嘉望宸里)	Under Development	Yongjia County 3303240022019006	Residential
Wenzhou	City Lakeside (麓湖灣)	Under Development	Wenzhou S1 Line Longxia Station A-12b Land Parcel	Residential
Wenzhou	Taohuadapian District T05-14a Land Parcel (Jiangyuewan) (桃花島片區T05-14a地塊(江月灣))	Under Development	Taohuadapian District T05-14a Land Parcel	Residential and commercial
Wenzhou	Ruian Nanyang Village Land Parcel (Fenghui) (瑞安南垞村地塊(峯蒼))	Held for Future Development	Land Parcel 2019XG016	Residential and commercial
Huzhou	Xishan Luxury (溪山美墅)	Completed	Land Parcel 001-120-000-00588-000	Residential and commercial
Huzhou	Gentle House (一里洋房)	Completed	De Land [2009] Auction No.1	Residential
Huzhou	Shang Cheng (上城)	Completed	Land Parcel (2010) No. 100	Residential and commercial
Huzhou	Yingxi Courtyard (英溪大院)	Completed	Land Parcel 2016-005	Residential
Huzhou	Eminent Mansion (郡望府)	Completed	Land Parcel 2011-078-1	Residential
Huzhou	Xingchen Mansion (星辰蘭園)	Completed	Deqing County 2015(393) Land Parcel	Residential
Huzhou	Yunxi Mansion (雲溪雅苑)	Completed	Land Parcel 2010-086	Residential and commercial
Huzhou	Time Mansion (時代公館)	Under Development	Land Parcel 2017-030	Residential
Huzhou	Yunxi Villa (雲溪洋房)	Completed	Land Parcel 2011-078-2	Residential
Huzhou	Dothink Major (滄莊)	Under Development	Land Parcel 2017-33#	Residential
Huzhou	Chunfeng Courtyard (春風里)	Completed	Land Parcel 2017-50/51#	Residential
Huzhou	East Mansion (東宸府)	Under Development	Land Parcel 2017-335	Residential and commercial
Huzhou	Fengxi Villa (鳳栖雲廬)	Under Development	Land Parcel 2017-060	Residential
Huzhou	Gaofeng Village Project (高峰村項目)	Held for Future Development	Land Parcel 2017-343	Commercial

Management Discussion and Analysis

City	Project/Phase	Project Status	Project Location	Primary intended use of the project
Huzhou	Aesthetic Garden (麗園)	Under Development	Land Parcel 2017-401-1	Residential
Huzhou	Central Mansion (德清市中心府)	Under Development	Land Parcel 2018-038	Residential and commercial
Huzhou	Deqing Moganshan 049 Land Parcel (德清莫干山049地塊)	Under Development	Land Parcel 2017-049	Commercial
Taizhou	Jiangshan Mansion Phase II (江山一品二期)	Under Development	Beichengjiedao Puxi No.1	Residential and commercial
Taizhou	Xihu Yunzhuang (西湖雲莊)	Under Development	Yuhuanxincheng (Xuanman Phrase 2)	Residential and commercial, Science education
Zhoushan	Zhoushan Palace (舟山府)	Completed	Jiankangyangshengxiaozhen Phrase 1 Land Parcel Dongganxin District 0580-ZS-DG-07	Residential and commercial
Zhoushan	Majestic Mansion (紫宸)	Under Development	Kong Gui Unit 42-1 Land Parcel	Residential and commercial
Zhoushan	Celebrity Mansion (君宸)	Under Development	Daishan No. 2017-11	Residential and commercial
Zhoushan	Golden Mansion (金麟府)	Under Development	Daishan No. 2017-10	Residential
Zhoushan	Hancheng (翰城)	Under Development	Zhoushanshi Putuoqu North Pianqu H-29 Land Parcel	Residential
Quzhou	Quzhou Mansion (衢州公館)	Under Development	Zhoushanshi Putuoqu North Pianqu B-07 Land Parcel	Residential
Quzhou	Yuexin House (悅鑫府)	Completed	Quzhou West District Land Parcel E2-5	Residential
Quzhou	Yuerong House (悅蓉府)	Completed	Quzhou Train Station Anzhi Community Land Parcel No. 1	Residential and commercial, Science education
Quzhou	East Mansion (東宸)	Completed	Quzhou Train Station Anzhi Community Land Parcel No. 2	Residential
Quzhou	Celebrity Mansion (君宸)	Under Development	Qujiang District Dongjidadao Land Parcel No. 5	Residential and commercial
Ningbo	East Mansion (東宸)	Under Development	Qujiang District Dongjidadao Land Parcel No. 7	Residential and commercial
Ningbo	Celebrity Mansion (君宸)	Completed	Ningbo Guojia Gaoxin District Land Parcel GX08-01-04	Residential
Ningbo	Courtyard in Jiangnan (江南大院)	Completed	Ciguan Haiwei Land Parcel I201537#-B	Residential
Ningbo	Cloud Palace (雲臺台)	Under Development	Suntiangbellu Land Parcel 1#B、D	Residential
Ningbo	Lake City Realm (湖成大境)	Under Development	Yongtu Zi Gao Land Parcel (2018)08006	Residential
Ningbo		Under Development	Yinzhou District 06-03-02#[Dongqian Lake] Land Parcel	Residential

Management Discussion and Analysis

City	Project/Phase	Project Status	Project Location	Primary intended use of the project
Ningbo	Yuyao High Speed Rail	Held for Future	Land Parcel 2019-85	Residential and commercial
Ningbo	Xincheng Project (余姚高鐵新城項目)	Development		
Ningbo	Haishu District Yin Feng Land Parcel (海曙區鄞奉地塊)	Held for Future	Haishu District Land Parcel HS17-03-07	Residential
Jinhua	Courtyard in Jiangnan (江南大院)	Completed	Land Parcel BDC3307231201729857348	Residential
Jinhua	Celebrity Mansion (君宸)	Under Development	Wuyi County Bellingxin District Hubinlu North · Jianshelu West	Residential and commercial
Jinhua	Yu Xihu (御西湖)	Under Development	Jinhua [2017] Land Parcel No. 20	Residential
Lishui	Lake Courtyard (元湖一號)	Completed	Land Parcel 20161701	Residential and commercial
Xuzhou	Imperial Cullinan (龍璽台)	Under Development	Land Parcel 2017_11G、2017_11G	Residential and commercial
Xuzhou	Celebrity Mansion (君宸)	Under Development	Land Parcel 2018-4	Residential and commercial
Xuzhou	Xuzhou Xingzhen Road Land Parcel (Academy Mansion (美的德信翰林府))	Held for Future	Land Parcel 2019-21	Residential
Xuzhou	Xuzhou Station Land Parcel (徐州客運站地塊)	Held for Future	Land Parcel 2019-45	Residential and commercial
Changzhou	Celebrity Mansion (常州君宸府)	Under Development	Land Parcel JZX20180702	Residential and commercial
Nanjing	Nanjing Qixia District Xianlin Industrial Park E Land Parcel (南京市棲霞區仙林產業園E地塊)	Held for Future	Temporary Named Parcel No. Ning 2013 GY31	Science education
Nanjing	Oriental Courtyard (煙嵐雲莊)	Under Development	Land Parcel 2019G11	Residential
Nanjing	Nanjing Xianlinzhiyu FG1 Land Parcel (南京仙林智智谷FG1地塊)	Held for Future	Land Parcel No.2019G40	Business services
Nanjing	Nanjing Xianlinzhiyu IG2 Land Parcel (南京仙林智智谷IG2地塊)	Held for Future	Land Parcel No.Ning 2019GY14	Science education
Nanjing	Lishui Project (溧水項目)	Development	Land Parcel No.Lishui 2019G15	Residential
Suzhou	Wujiang Shengze Project (吳江盛澤項目)	Held for Future	Wujiang Gaoxin District (Shengzezhen)	Residential
Shangrao	Celebrity Mansion (君宸)	Under Development	Bailongqiaolu East Land Parcel (WJ-J-2019-023) Land Parcel DEB2018014 · DEB2018015	Residential

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City	Project/Phase	Project Status	Project Location	Primary intended use of the project
Jiujiang	Jiujiang Mansion (九江印)	Under Development	Land Parcel DGD2017027、DGD2017028-A、DGD2017028-B	Residential and commercial
Wuhan	Courtyard in Jiangnan (江南大院)	Under Development	Wuhan Land Parcel P(2018) No.48	Residential
Wuhan	Jiangxia P (2019) No. 100 Land Parcel (江夏P (2019) 100號地塊)	Held for Future Development	Wuhan Land Parcel P(2019) No.100	Residential and commercial
Kunshan	Kunshan Qiangeng Town Hankun Road South Land Parcel (昆山市千燈鎮漢昆路南側地塊)	Held for Future Development	Kun Di Wang [2019] Land Parcel Guazi No. 2-3	Residential and commercial
Shanghai	Zhihui Gang (智慧港)	Held for Future Development	Fengxian District Xiduzhen No.10 Jiefang 80/11 Qiu	Industrial
Chengdu	Renshou County 2019 (TR) – 34 Land Parcel (Guanlan Courtyard) (仁壽縣2019(TR)-34號地塊(觀瀾大院))	Under Development	Tianfu New District Shigao No.34 Land Parcel	Residential and commercial
Chengdu	Renshou County 2019 (TR) – 16、19、20 Land Parcel (Jinxiutiancheng) (仁壽縣2019(TR)-16、19、20地塊(錦繡天成))	Held for Future Development	Tianfu New District Shigao No. 16、19、20 Land Parcel	Residential
Guangzhou	Golden Mileage (Guangzhou Zengcheng Shaying Land Parcel) (金色里程(廣州增城沙滘地塊))	Under Development	Land Parcel 83101265A19001	Residential
Wuxi	Elegant Yunxi (雲溪名著)	Under Development	Xi Guo Tu (Jing) 2019-12	Residential and commercial
Foshan	Foshan Gaoming Project (Langqing Yuan) (佛山高明項目(朗晴苑))	Under Development	Land Parcel TD2019(GM)WG0018	Residential and commercial
Foshan	Foshan Chancheng Project (Jiangnanyin Mansion) (佛山禪城項目(江南印府))	Under Development	Land Parcel TD2019(CC)XG0004	Residential and commercial

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The following table sets forth a summary of our property projects and project phases developed, including projects and project phases held for future development as of 31 December 2019:

City	Project/Phase	Completed			Under Development					Held for Future Development				The Group's Interest ^e
		Site area ^a (sq.m.)	Total GFA Completed ^d (sq.m.)	Saleable/Leasable GFA ^a (sq.m.)	Rentable GFA held for Investment ^c (sq.m.)	Total GFA Under Development ^d (sq.m.)	Saleable/Leasable GFA ^a (sq.m.)	Pre-sold/Pre-leased GFA ^a (sq.m.)	Total Planned GFA ^a (sq.m.)	GFA without Land Use Right Certificates (sq.m.)	Actual/Estimated Construction Commencement Time ^e	Actual/Estimated Commencement Time ^e	Pre-sale Completion Time ^e	
Hangzhou	Zenith Garden (綠園)	21,817	74,260	73,753	-	-	758	-	-	9/2010	9/2011	9/2011	4/2013	90.00%
Hangzhou	North Sea Park (北港公園)	38,746	147,330	145,301	-	-	903	-	-	8/2011	4/2012	4/2012	1/2015	80.00%
Hangzhou	East Mansion (東方星城)	48,780	173,348	170,232	-	-	5,174	-	-	2/2016	4/2016	4/2016	1/2018	20.00%
Hangzhou	Celebrity Mansion (君寓)	51,920	158,564	156,675	-	-	10,783	-	-	3/2016	4/2016	4/2016	6/2018	65.00%
Hangzhou	Hydra Park (海德公園)	63,677	202,715	196,474	-	-	6,084	-	-	8/2016	3/2017	3/2017	10/2018	23.00%
Hangzhou	Jurshang Palace (爵上藍灣)	39,578	124,437	123,106	-	-	1,369	-	-	12/2016	5/2017	5/2017	10/2018	30.00%
Hangzhou	River Qiantang (大江源著)	39,212	117,133	106,768	-	-	732	-	-	2/2017	7/2017	7/2017	5/2019	55.00%
Hangzhou	Monnorth (悅見山)	77,681	-	-	-	231,582	202,351	180,106	-	3/2018	8/2018	8/2018	11/2020	12.01%
Hangzhou	Majestic Mansion (印江南)	63,742	-	-	-	208,332	196,536	187,303	-	4/2018	1/2019	1/2019	6/2020	24.80%
Hangzhou	Sky City Phase I (天空之翼一期)	74,357	-	-	-	246,824	239,565	140,615	-	5/2018	8/2018	8/2018	9/2020	65.00%
Hangzhou	Elegant Mansion (九溪雲莊)	40,884	-	-	-	107,516	93,977	49,940	-	8/2018	10/2018	10/2018	6/2020	60.00%
Hangzhou	Shixin Palace (市中心)	25,318	-	-	-	94,227	92,733	52,602	-	5/2018	12/2018	12/2018	9/2020	39.96%
Hangzhou	Dajiang One (大江壹號)	4,349	-	-	-	17,200	16,665	12,559	-	9/2018	7/2019	7/2019	2/2021	55.47%
Hangzhou	Golden Mansion (世紀金堂)	30,739	-	-	-	135,390	127,325	77,121	-	11/2018	8/2019	8/2019	12/2021	23.11%
Hangzhou	Bay Cloud (德信佳源金茂府)	57,802	-	-	-	271,774	223,819	142,652	-	8/2018	7/2019	7/2019	10/2021	19.90%
Hangzhou	Time Mansion (時代公館)	73,494	-	-	-	221,426	218,303	103,118	-	12/2018	5/2019	5/2019	1/2021	24.15%
Hangzhou	Qiantang Mansion (錢塘雲莊)	36,476	-	-	-	108,619	107,510	-	-	5/2019	4/2020	4/2020	11/2021	67.00%
Hangzhou	Hang [2018] No.20 Jiang Village Land Parcel Unit C-29 (杭[2018]20號諸村單元C-29地塊)	13,359	-	-	-	34,866	34,733	-	-	1/2019	3/2020	3/2020	12/2020	10.29%
Hangzhou	New Shixin Palace (Chinoiserie Mansion) (新市府(九華賦))	97,494	-	-	-	365,574	360,610	-	-	4/2019	12/2019	12/2019	3/2022	13.86%
Hangzhou	Hangzhou Wings (杭州之翼)	32,214	173,406	161,517	19,961	-	-	-	-	7/2016	1/2018	1/2018	7/2019	17.15%
Hangzhou	Center Hangzhou (時代之心)	16,660	113,608	104,893	-	-	-	-	-	8/2017	8/2018	8/2018	9/2019	24.50%
Hangzhou	Hangzhou ONE (杭州ONE)	16,702	-	-	-	82,427	82,137	-	-	2/2018	N/A	N/A	1/2021	64.40%
Hangzhou	Huanyi City (環翼城)	24,398	-	-	-	116,582	116,079	8,429	-	7/2018	9/2019	9/2019	7/2021	17.15%
Hangzhou	Artificial Intelligence Industrial Park (AI產業園)	26,931	75,712	75,712	75,712	-	-	-	-	9/2016	N/A	N/A	12/2017	54.54%

Management Discussion and Analysis

City	Project/Phase	Completed										Under Development					Held for Future Development				
		Site area ¹ (sq.m.)	Total GFA Completed ² (sq.m.)	Saleable/ Leasable GFA ³ (sq.m.)	GFA Unsold ⁴ (sq.m.)	GFA Investment ⁵ (sq.m.)	Rentable GFA held for Investment ⁶ (sq.m.)	Total GFA Under Development ⁷ (sq.m.)	Saleable/ Leasable GFA ³ (sq.m.)	Pre-leased GFA ⁴ (sq.m.)	Total Planned GFA ⁸ (sq.m.)	GFA without Land Use Right Certificates (sq.m.)	Actual/Estimated Construction Commencement Time ⁵	Actual/Estimated Pre-sale Commencement Time ⁶	Actual/Estimated Completion Time ⁷	The Group's Interest ⁸					
																	187,306	133,016	54,880	137,820	83,120
Hangzhou	Canal Mansion (運河聖法)	63,502	-	-	-	-	167,483	163,618	-	-	-	7,2019	3,2020	3,2022	31.61%						
Hangzhou	Hangzhou Konggang Project (杭州空港項目)	99,078	-	-	-	-	411,860	408,711	-	-	-	9,2019	3,2020	1,2022	64.30%						
Hangzhou	Time City (時光之城)	86,055	-	-	-	-	230,933	218,447	-	-	-	7,2019	12,2019	6,2022	94.74%						
Hangzhou	Peng Bu Unit B/R/S41/S42-36 Land Parcel (彭埠單元B/R/S41/S42-36地塊)	34,489	-	-	-	-	-	-	83,120	-	-	1,2020	5,2020	6,2022	34.00%						
Hangzhou	Xasha University North Project (Dohuigantang) (下沙大學城北專案(荷畝錢塘))	48,736	192,161	187,306	133,016	54,880	-	-	-	-	-	12,2017	10,2019	7,2019	20.00%						
Hangzhou	Konggang Core District No. 1 Land Parcel (空港核心區1號地塊)	44,603	-	-	-	-	148,781	137,820	-	-	-	12,2019	5,2020	6,2022	20.12%						
Hangzhou	Shustian West Land Parcel Unit C-7 (蜀山西單元C-7地塊)	20,840	-	-	-	-	-	-	-	54,184	-	1,2020	7,2020	6,2022	25.00%						
Hangzhou	Shizi Tiansu (十字天幕)	57,089	-	-	-	-	-	-	-	125,586	-	4,2020	11,2020	9,2022	50.00%						
Hangzhou	Fuyang Dongzhou No.14 Land Parcel (備陽東洲14號地塊)	49,166	-	-	-	-	-	-	-	108,165	-	5,2020	10,2020	10,2022	100.00%						
Wenzhou	Berlin Mansion (柏林公館)	21,530	74,153	71,771	1,640	-	-	-	-	-	-	8,2013	9,2013	4,2016	100.00%						
Wenzhou	No. 1 Lakeside (湖濱一號)	32,111	94,810	88,197	2,707	-	-	-	-	-	-	1,2014	3,2014	12,2016	100.00%						
Wenzhou	Haijia Mansion Phase I (海派嘉園一期)	28,202	102,613	101,025	39	-	-	-	-	-	-	9,2014	9,2014	3,2017	75.00%						
Wenzhou	Haijia Mansion Phase II (海派嘉園二期)	29,452	105,162	103,797	3,542	-	-	-	-	-	-	9,2015	12,2015	1,2018	75.00%						
Wenzhou	Grade Mansion (悅城)	20,752	70,610	68,096	3,688	-	-	-	-	-	-	2,2016	5,2016	5,2018	65.00%						
Wenzhou	Royal Mansion (王府)	9,023	29,613	29,293	541	-	-	-	-	-	-	6,2016	9,2016	6,2018	100.00%						
Wenzhou	Grand Kingdom (大悅灣)	33,973	120,417	115,995	440	-	-	-	-	-	-	4,2016	9,2016	9,2018	55.00%						
Wenzhou	Bonui Palace (鉅鼎閣)	57,538	221,080	213,352	19,375	-	-	-	-	-	-	8,2016	10,2016	8,2019	75.00%						
Wenzhou	Wenzhou Courtyard(鹿城大苑)	21,527	58,944	57,605	157	-	-	-	-	-	-	9,2016	12,2016	8,2018	50.00%						
Wenzhou	Yueqing Palace (樂清府)	50,862	106,511	104,608	1,688	-	-	-	-	-	-	10,2016	1,2017	10,2018	28.00%						
Wenzhou	County Garden (府前一號)	45,107	130,116	123,326	9,998	-	-	-	-	-	-	11,2016	11,2016	1,2019	30.00%						
Wenzhou	Kashima A (鹿島甲邦)	51,458	157,445	146,088	980	-	-	-	-	-	-	3,2017	3,2017	1,2019	35.00%						
Wenzhou	Nine Villa (玖號院)	30,081	105,771	99,229	99,229	-	-	-	-	-	-	6,2017	8,2017	11,2019	32.00%						
Wenzhou	Time Mansion (時代公館)	28,837	97,740	94,916	94,916	-	-	-	-	-	-	6,2017	8,2017	10,2019	31.00%						
Wenzhou	Courtyard in Longwan (龍灣大苑)	35,040	-	-	-	-	110,723	96,316	-	-	-	6,2017	8,2017	1,2020	39.00%						

Management Discussion and Analysis

City	Project/Phase	Site area ¹ (sq.m.)	Completed			Under Development				Held for Future Development				The Group's Interest ²
			Total GFA Completed ² (sq.m.)	Saleable/Leasable GFA ³ (sq.m.)	GFA Unsold ⁴ (sq.m.)	Rentable GFA held for Investment ⁵ (sq.m.)	Total GFA Under Development ⁶ (sq.m.)	Saleable/Leasable GFA ⁷ (sq.m.)	Pre-sold/Pre-leased GFA ⁸ (sq.m.)	Total Planned GFA ⁹ (sq.m.)	GFA without Land Use Right Certificates ¹⁰ (sq.m.)	Actual/Estimated Construction Commencement Time ¹¹	Actual/Estimated Pre-sale Commencement Time ¹²	
Wenzhou	Dexin S&AW Boutique Hotel (德信吾享酒店)	57,26	-	-	-	-	18,865	-	-	-	1/2018	N/A	3/2020	55.00%
Wenzhou	Todown (德耀苑)	79,964	-	-	-	-	190,793	-	-	-	3/2018	4/2018	3/2020	50.00%
Wenzhou	Ideal Mansion (理想之城)	65,148	-	-	-	-	227,827	200,227	-	-	4/2018	4/2018	1/2020	20.00%
Wenzhou	Gorgeous Palace (碧麗灣)	82,121	-	-	-	-	188,997	134,224	-	-	5/2018	6/2018	7/2020	28.18%
Wenzhou	Cloud Glass (雲著)	24,848	-	-	-	-	95,864	88,430	-	-	5/2018	6/2018	5/2020	25.00%
Wenzhou	Majestic Mansion (御宸府)	25,314	-	-	-	-	86,151	47,840	-	-	8/2018	11/2018	3/2020	48.81%
Wenzhou	Phillippe Court (碧麗雲邸)	90,199	-	-	-	-	308,171	287,339	-	-	9/2018	12/2018	3/2021	23.36%
Wenzhou	Ruhan Mansion (鹿湖園)	7,146	-	-	-	-	56,472	31,023	-	-	6/2019	8/2019	12/2021	59.09%
Wenzhou	Center Mansion (誠園)	10,979	-	-	-	-	51,032	49,846	-	-	8/2019	3/2020	6/2022	57.13%
Wenzhou	The Riverside (博悅灣)	29,523	-	-	-	-	131,228	128,263	-	-	5/2019	9/2019	12/2021	31.62%
Wenzhou	Central Mansion (温州永嘉望里里)	9,507	-	-	-	-	37,397	19,223	-	-	9/2019	10/2019	1/2022	46.09%
Wenzhou	City Lakeside (鹿湖灣)	12,310	-	-	-	-	57,296	15,454	-	-	9/2019	11/2019	11/2021	47.27%
Wenzhou	Tachuaopian District T05-14a Land Parcel (鹿角園) (松花島片區T05-14a地塊(江月灣))	39,608	-	-	-	-	181,167	-	-	-	11/2019	4/2020	2/2023	11.35%
Wenzhou	Ruhan Nanyang Village Land Parcel (Fenghu) (里安南村地塊(峯著))	22,106	-	-	-	-	-	-	-	-	1/2020	7/2020	5/2022	16.03%
Huzhou	Xishan Luxury (溪山美墅)	105,650	174,058	172,755	1,407	-	-	-	-	-	3/2008	6/2008	6/2012	100.00%
Huzhou	Delan Square (德藍廣場)	18,400	82,777	82,138	13,209	13,082	-	-	-	-	12/2009	12/2010	9/2014	100.00%
Huzhou	Gentle House (一里洋房)	47,540	100,416	92,877	1,098	-	-	-	-	-	11/2010	4/2011	9/2013	100.00%
Huzhou	Shang Cheng (上城)	47,345	124,167	122,216	5,109	-	-	-	-	-	1/2013	4/2013	12/2015	100.00%
Huzhou	Yingxi Courtyard (映溪水府)	62,423	93,074	92,481	628	-	-	-	-	-	12/2016	3/2017	11/2018	100.00%
Huzhou	Eminent Mansion (郡望府)	62,204	152,889	151,925	2,224	-	-	-	-	-	3/2017	6/2017	12/2018	70.00%
Huzhou	Xingchen Mansion (辰蘭園)	26,381	55,079	43,316	43,316	-	-	-	-	-	5/2017	8/2017	11/2019	20.00%
Huzhou	Yunxi Mansion (雲溪雅苑)	18,500	39,157	38,787	7,958	-	-	-	-	-	9/2017	6/2019	6/2019	28.31%
Huzhou	Time Mansion (時代公館)	86,729	-	-	-	-	240,431	238,885	71,057	-	9/2017	11/2018	3/2020	32.32%
Huzhou	Yunxi Villa (雲溪別墅)	58,307	111,485	110,292	6,272	-	-	-	-	-	10/2017	1/2018	10/2019	50.00%
Huzhou	Dotthink Major (湖莊)	29,848	-	-	-	-	70,985	69,914	58,279	-	1/2018	7/2018	1/2020	88.83%
Huzhou	Chunfeng Courtyard (春風里)	31,632	76,171	69,265	20,989	-	-	-	-	-	2/2018	4/2018	9/2019	80.00%
Huzhou	East Mansion (東宸府)	52,528	-	-	-	-	148,024	141,185	127,848	-	3/2018	5/2018	3/2020	34.00%
Huzhou	Fengxi Villa (鳳祥雲麓)	66,969	-	-	-	-	188,981	184,618	181,329	-	8/2018	10/2018	11/2020	9.60%

Management Discussion and Analysis

City	Project/Phase	Completed										Under Development										Held for Future Development				
		Total GFA Completed ^d		Saleable/Leasable GFA ³		GFA Unsold ^d		Rentable GFA held for Investment ³		Total GFA Under Development ^e		Saleable/Leasable GFA ³		Pre-leased GFA ⁴		Total Planned GFA ⁴		GFA without Land Use Right Certificates (sq.m.)		Actual/Estimated Construction Commencement Time ⁵		Actual/Estimated Pre-sale Commencement Time ⁶		Actual/Estimated Completion Time ⁷		The Group's Interest ⁸
		(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)
Huzhou	Gaofeng Village Project (高村项目)	74,373	-	-	-	-	-	-	-	-	-	-	-	-	29,749	-	-	4/2020	11/2020	11/2021	100.00%					
Huzhou	Aesthetic Garden (麗園)	48,355	-	-	-	-	-	138,571	136,973	49,883	-	-	-	1/2019	6/2019	6/2021	-	1/2019	6/2021	4/2021	34.00%					
Huzhou	Central Mansion (德清市中心)	54,714	-	-	-	-	-	138,975	132,427	76,982	-	-	-	12/2018	3/2019	4/2021	-	12/2018	3/2019	4/2021	20.82%					
Huzhou	Deqing Moganshan 049 Land Parcel (德清莫干山049地块)	17,908	-	-	-	-	-	31,902	31,902	-	-	-	-	10/2019	N/A	6/2021	-	10/2019	N/A	6/2021	100.00%					
Taizhou	Jiangnan Mansion Phase II (江山一品二期)	50,819	-	-	-	-	-	116,266	104,978	87,653	-	-	-	11/2017	1/2018	5/2020	-	11/2017	1/2018	5/2020	26.50%					
Taizhou	Xihu Yunzhuang (西湖雲莊)	92,318	-	-	-	-	-	93,007	92,276	43,859	-	-	-	4/2018	4/2018	6/2020	-	4/2018	12/2018	6/2020	100.00%					
Taizhou	Shenxian Garden Phase I (神仙居文化主題樂園一期)	80,060	15,755	15,755	-	-	15,755	40,907	40,907	-	-	-	-	6/2018	N/A	10/2020	-	6/2018	N/A	10/2020	100.00%					
Taizhou	Shenxian Garden Phase II (神仙居文化主題樂園二期)	15,804	-	-	-	-	-	24,308	24,261	2,271	-	-	-	2/2019	5/2019	10/2020	-	2/2019	5/2019	10/2020	100.00%					
Zhoushan	Zhoushan Palace (舟山府)	49,064	132,533	129,921	129,921	-	-	-	-	-	-	-	-	5/2017	8/2017	10/2019	-	5/2017	8/2017	10/2019	90.00%					
Zhoushan	Majestic Mansion (紫宸)	46,458	-	-	-	-	-	114,314	112,831	69,602	-	-	-	4/2018	4/2018	1/2020	-	4/2018	4/2018	1/2020	32.28%					
Zhoushan	Celebrity Mansion (名宸)	26,871	-	-	-	-	-	75,579	74,347	31,499	-	-	-	4/2018	6/2018	3/2020	-	4/2018	6/2018	3/2020	32.28%					
Zhoushan	Golden Mansion (金麟府)	27,863	-	-	-	-	-	57,462	56,404	53,030	-	-	-	6/2018	7/2018	4/2020	-	6/2018	7/2018	4/2020	25.00%					
Zhoushan	Hancheng (翰城)	52,577	-	-	-	-	-	169,299	167,359	86,121	-	-	-	9/2018	12/2018	5/2021	-	9/2018	12/2018	5/2021	17.50%					
Quzhou	Quzhou Mansion (衢州公館)	150,606	419,427	407,733	1,334	-	-	74,306	73,272	42,547	-	-	-	8/2016	11/2017	4/2019	-	8/2016	11/2017	4/2019	50.00%					
Quzhou	Yuexin House (悅鑫府)	46,474	103,605	96,877	235	-	-	-	-	-	-	-	-	10/2017	11/2017	6/2019	-	10/2017	11/2017	6/2019	25.50%					
Quzhou	Yuecong House (悅蓉府)	40,411	108,737	102,008	2,391	-	-	-	-	-	-	-	-	11/2017	11/2017	7/2019	-	11/2017	11/2017	7/2019	25.50%					
Quzhou	East Mansion (東宸)	31,688	-	-	-	-	-	74,306	73,272	42,547	-	-	-	9/2018	12/2018	6/2020	-	9/2018	12/2018	6/2020	63.83%					
Quzhou	Celebrity Mansion (名宸)	39,510	-	-	-	-	-	91,962	90,840	71,126	-	-	-	9/2018	11/2018	6/2020	-	9/2018	11/2018	6/2020	63.83%					
Ningbo	East Mansion (東宸)	26,451	82,998	82,138	5,663	-	-	-	-	-	-	-	-	7/2016	12/2016	11/2018	-	7/2016	12/2016	11/2018	30.00%					
Ningbo	Celebrity Mansion (名宸)	44,974	109,465	93,637	3,459	-	-	-	-	-	-	-	-	11/2017	1/2018	11/2019	-	11/2017	1/2018	11/2019	40.00%					
Ningbo	Courtyard in Jiangnan (江南大院)	53,908	-	-	-	-	-	134,104	128,940	88,742	-	-	-	4/2018	7/2018	3/2020	-	4/2018	7/2018	3/2020	31.36%					
Ningbo	Cloud Palace (雲臺台)	40,044	-	-	-	-	-	111,522	106,209	64,672	-	-	-	9/2018	4/2019	4/2021	-	9/2018	4/2019	4/2021	24.45%					
Ningbo	Donggan Lake Land Parcel (Huchengjiaojing) (東澱湖地塊(湖成大境))	61,875	-	-	-	-	-	173,290	166,822	49,235	-	-	-	7/2019	11/2019	8/2021	-	7/2019	11/2019	8/2021	30.98%					
Ningbo	Yuyao High Speed Rail Xincheng Project (余姚高速新城項目)	85,077	-	-	-	-	-	-	-	-	-	-	-	2/2020	10/2020	1/2023	-	2/2020	10/2020	1/2023	45.18%					
Ningbo	Haihu District Yinfeng Land Parcel (海曙區銀峰地塊)	50,344	-	-	-	-	-	-	-	-	-	-	-	1/2020	6/2020	10/2022	-	1/2020	6/2020	10/2022	5.55%					
Jinhua	Courtyard in Jiangnan (江南大院)	92,511	264,805	257,328	47,249	-	-	-	-	-	-	-	-	11/2017	12/2017	11/2019	-	11/2017	12/2017	11/2019	25.00%					
Jinhua	Celebrity Mansion (名宸)	73,946	-	-	-	-	-	232,342	226,260	139,043	-	-	-	5/2018	6/2018	1/2020	-	5/2018	6/2018	1/2020	17.50%					

Management Discussion and Analysis

City	Project/Phase	Completed						Under Development						Held for Future Development			The Group's Interest ^a
		Site area ¹ (sq.m.)	Total GFA Completed ² (sq.m.)	Total GFA Leasable GFA ³ (sq.m.)	GFA Unsold ⁴ (sq.m.)	Rentable GFA held for Investment ⁵ (sq.m.)	Total GFA Under Development ⁶ (sq.m.)	Saleable/Leasable GFA ⁷ (sq.m.)	Pre-sold/Pre-leased GFA ⁸ (sq.m.)	Total Planned GFA ⁹ (sq.m.)	GFA without Land Use Right Certificates (sq.m.)	Actual/Estimated Construction Commencement Time ¹⁰	Actual/Estimated Pre-sale Commencement Time ¹¹	Actual/Estimated Completion Time ¹²			
Jinhua	Yu Xihu (御西湖)	47,489	-	-	-	128,710	124,884	111,976	-	-	5/2018	6/2018	6/2020	23.85%			
Lishui	Lake Courtyard (西湖一景)	74,068	174,196	149,579	1,458	-	-	-	-	-	2/2017	5/2017	4/2019	51.00%			
Xuzhou	Sky Scaper A (九龍城A地塊)	148,861	311,824	310,197	13,662	21,417	-	-	-	-	12/2010	6/2011	12/2015	100.00%			
Xuzhou	Sky Scaper B (九龍城B地塊)	143,400	325,796	324,918	26,481	52,006	-	-	-	-	4/2013	4/2013	5/2019	100.00%			
Xuzhou	Imperial Cullinan (耀璽台)	101,149	-	-	-	278,823	255,256	185,746	-	-	3/2018	5/2018	9/2020	64.00%			
Xuzhou	Celebrity Mansion (君豪)	15,460	-	-	-	50,534	43,082	23,960	-	-	1/2019	3/2019	11/2020	51.90%			
Xuzhou	Academy Mansion (美樹學堂翰林府)	23,537	-	-	-	-	-	-	43,779	-	1/2020	4/2020	7/2022	49.00%			
Xuzhou	Xuzhou Station Land Parcel (徐州客運站地塊)	65,591	-	-	-	-	-	-	162,009	-	1/2020	5/2020	10/2022	90.00%			
Changzho	Celebrity Mansion (常州君豪府)	26,766	-	-	-	78,020	65,884	39,313	-	-	9/2018	12/2018	10/2020	32.56%			
Nanjing	Nanjing Xianlinzhiqiu Industrial Park - Phase I (南京仙林智谷產業園一期)	24,119	-	-	-	62,359	62,359	11,347	-	-	3/2019	10/2019	5/2020	47.60%			
Nanjing	Nanjing Xianlinzhiqiu Industrial Park - Phase II (南京仙林智谷產業園二期)	12,186	-	-	-	25,910	25,910	3,658	-	-	12/2018	10/2019	5/2020	47.60%			
Nanjing	Nanjing Qixia District Xianlin Industrial Park E Land Parcel (南京市棲霞區仙林產業園E地塊)	33,287	-	-	-	-	-	-	140,200	-	3/2021	4/2022	6/2023	47.60%			
Nanjing	Oriental Courtyard (煙臺雲莊)	37,106	-	-	-	63,085	54,422	-	-	-	10/2019	4/2020	8/2021	51.00%			
Nanjing	Nanjing Xianlinzhiqiu F01 Land Parcel (南京仙林智谷FG1地塊)	16,820	-	-	-	-	-	-	62,180	-	5/2020	4/2021	10/2022	47.60%			
Nanjing	Nanjing Xianlinzhiqiu G2 Land Parcel (南京仙林智谷G2地塊)	19,406	-	-	-	-	-	-	58,230	-	5/2020	4/2021	10/2022	47.60%			
Nanjing	Lishui Project (渠水項目)	121,468	-	-	-	-	-	-	182,232	-	3/2020	7/2020	8/2022	51.00%			
Suzhou	Wujiang Shengze Project (吳江盛澤項目)	35,085	-	-	-	-	-	-	70,170	-	2/2020	7/2020	5/2022	40.60%			
Shangzao	Celebrity Mansion (君豪)	82,400	-	-	-	283,103	281,083	165,353	-	-	8/2018	9/2018	8/2020	47.39%			
Jiujiang	Jiujiang Mansion (九江印)	317,057	-	-	-	946,275	943,916	44,386	-	-	1/2019	1/2019	8/2020	20.00%			
Wuhan	Courtyard in Jiangnan (江南大院)	25,460	-	-	-	75,185	61,384	26,823	-	-	1/2019	7/2019	1/2021	100.00%			
Wuhan	Jiangze P (2019) No. 100 Land Parcel (江夏P(2019)100號地塊)	64,992	-	-	-	-	-	-	162,479	-	2/2020	7/2020	6/2022	30.00%			
Shanghai	Dexin • Zhezao 360 Project (德信•智造360項目)	50,012	58,176	58,176	-	58,176	-	-	-	-	N/A	N/A	N/A	70.00%			
Kunshan	Kunshan Qandeng Town Harkun Road South Land Parcel (昆山市千燈鎮鎮南路南側地塊)	45,877	-	-	-	-	-	-	114,693	-	3/2020	8/2020	6/2022	33.08%			

Management Discussion and Analysis

City	Project/Phase	Completed						Under Development						Held for Future Development		
		Site area ¹ (sq.m.)	Total GFA Completed ² (sq.m.)	Saleable/Leasable GFA ³ (sq.m.)	GFA Unsold ⁴ (sq.m.)	Rentable GFA held for Investment ⁵ (sq.m.)	Total GFA Under Development ⁶ (sq.m.)	Saleable/Leasable GFA ³ (sq.m.)	Pre-sold/Pre-leased GFA ⁴ (sq.m.)	Total Planned GFA ⁷ (sq.m.)	GFA without Land Use Right Certificates (sq.m.)		Actual/Estimated Construction Commencement Time ⁸	Actual/Estimated Pre-sale Commencement Time ⁹	Actual/Estimated Completion Time ¹⁰	The Group's Interest ¹¹
Shanghai	Zhihui Gong (智慧港)	53,117	-	-	-	77,155	75,612	-	-	-	-	9/2019	N/A	8/2020	26.40%	
Chengdu	Renshou County 2019 (TR) - 34 Land Parcel (Guanlan County) (仁壽縣2019(TR)-34號地塊(觀瀾大邑))	52,915	-	-	-	107,390	106,755	-	-	-	-	12/2019	2/2020	4/2022	41.39%	
Chengdu	Renshou County 2019 (TR) - 16 - 19 - 20 Land Parcel (Jinxiantiancheng) (仁壽縣2019(TR)-16 - 19 - 20地塊(錦燦天城))	152,119	-	-	-	-	-	-	380,297	-	-	1/2020	3/2020	4/2022	30.00%	
Guangzhou	Golden Mileage (Guangzhou Zengcheng Shaying Land Parcel) (金色里程(廣州增城沙涌地塊))	49,113	-	-	-	83,370	78,090	18,093	52,159	-	-	9/2019	10/2019	5/2021	20.00%	
Wuxi	Elegant Yunxi (Tiany Science and Technology Park) (雲系茗天(天科園))	28,064	-	-	-	87,390	85,119	-	-	-	-	10/2019	12/2019	3/2022	35.97%	
Foshan	Foshan Gaoming Land Parcel (Langqing Yuan) (佛山高明項目(朗晴苑))	26,578	-	-	-	45,857	45,857	-	37,289	-	-	12/2019	9/2020	12/2021	51.00%	
Foshan	Foshan Chancheng Land Parcel (Jiangnanyin Fu) (佛山禪城項目(江南印府))	22,432	-	-	-	28,662	28,252	-	41,839	-	-	10/2019	5/2020	12/2021	21.09%	

Notes:

- Data on site area have been excerpted from the information contained in the relevant land use rights certificate and housing title certificate (or real estate title certificate) or, if there is no relevant land use rights certificate, from the data on site area in the land grant agreement.
- With respect to the GFA, the data on a completed project have been excerpted from the housing title certificate (or real estate title certificate) or documents of acceptance; the data on a project under development or planning shall be excerpted from the information (with a deviation of no more than 3% from the actual GFA) contained in the relevant construction work planning permit or construction work commencement permit or, if there is no construction work planning permit, from the data on the capacity building area in the land grant agreement.
- Leasable GFA refers to the area from which rental income can be generated.
- A property is considered as "sold" after the Group entered into the relevant purchase agreement with and has delivered it to the customer. A property is deemed to have been delivered to the customer after it has passed the acceptance check. A property is considered as "pre-sold" in the event that the Group has entered in the relevant purchase agreement but has not yet delivered it to the customer.
- Refers to the date on which the Group obtained the construction work commencement permit or the date estimated by the Group.
- Refers to the date on which the Group obtained or is expected to obtain the pre-sale permit of the project, based on the internal records of the Group.
- Refers to the date on which acceptance examination upon completion is obtained or the expected date of completion.
- Based on the actual equity interests held by the Group in the relevant project companies pursuant to PRC laws.

Biographical Details of Directors and Senior Management

BOARD OF DIRECTORS

Our Board consists of 7 Directors, of whom 3 are executive Directors, 1 is a non-executive Director and 3 are independent non-executive Directors. Our Board is responsible for and has general powers for the management and conduct of our business.

Executive Directors

Mr. Hu Yiping (胡一平), aged 53, is the founder of our Group and has been our Director since 16 January 2018. He was re-designated as an executive Director and the chairman of our Board on 14 August 2018. He is the chairman of the nomination committee. He was also appointed as a director of Tak Yick International Limited (“Tak Yick”) and Dexin Holding (Hong Kong) Limited (“Dexin HK”) on 7 February 2018 and 22 March 2018, respectively. He is also a director of certain members of the Group. Mr. Hu Yiping is the father of Mr. Hu Shihao, our non-executive Director and one of our Controlling Shareholders. He is also one of our Controlling Shareholders. Mr. Hu Yiping is primarily responsible for overall development and investment strategies and major business decisions of our Group. He has around 24 years of experience in the PRC real estate industry. He established Dexin Real Estate Group Co., Ltd (“Dexin Real Estate”) on 1 September 1995 and has been the director and chairman of the board of directors since then.

Mr. Hu Yiping is the president of the Zhejiang Province Real Estate Industry Association* (浙江省房地產協會). He is also the chairman of Huzhou Chamber of Commerce in Hangzhou* (杭州市湖州商會) and the president of the New Urban Industry Committee of the General Association of Zhejiang Entrepreneurs* (浙商總會新城鎮產業委員會). Mr. Hu Yiping graduated from Zhejiang School of Construction* (浙江省建築工業學校) in Zhejiang, the PRC in January 1987 with a diploma degree (中專學歷) in Civil Engineering Specialty (工民建專業), and from Zhejiang Yu Cai Workers’ University (浙江育才職工大學) in Zhejiang, the PRC in June 1995 with an associate degree (大專學歷) in Architecture. He also obtained his bachelor’s degree (本科學歷) in Financial Management (online course) from Tianjin University (天津大學) in Tianjin, the PRC in 2013. He also obtained his executive master of business administration (EMBA) from Xiamen University in Xiamen, the PRC in September 2018. He also obtained a qualification for senior economist issued by Zhejiang Human Resources and Social Security Department* (浙江省人力資源和社會保障廳) in December 2007. He also obtained a qualification for engineer issued by Personnel Department of Huzhou* (湖州市人事局) in September 1996.

Mr. Fei Zhongmin (費忠敏) (“Mr. Fei”), aged 50, has been our Director since 16 January 2018. He was re-designated as an executive Director and was appointed as our president on 14 August 2018. He is responsible for business operation, day-to-day management and daily business decisions of our Group. He is also a director of certain members of the Group. He has over 23 years of experience in the PRC real estate industry. He joined our Group as a project manager of Dexin Real Estate in August 1997. Since then, he served various positions in Dexin Real Estate and other subsidiaries of our Company, including vice president, executive vice president, president and director, during which his responsibilities included participating in the formulation of our Group’s strategy and the day-to-day management.

Mr. Fei graduated from Zhejiang Yu Cai Workers’ University* (浙江育才職工大學) in Zhejiang, the PRC in January 1995 with an associate degree (大專學歷) in Architecture. He also obtained his executive master of business administration (EMBA) from Shanghai Jiaotong University (上海交通大學) in Shanghai, the PRC in June 2013. He also obtained a qualification for engineer issued by Personnel Department of Shaoxing* (紹興市人事局) in November 2006.

Ms. Feng Xia (馮霞) (“Ms. Feng”), aged 43, has been our Director since 16 January 2018. She was re-designated as an executive Director and was appointed as our vice president on 14 August 2018. She is primarily responsible for management of financial and administrative affairs of our Group. She has been serving as the vice president of Dexin Real Estate since December 2013, primarily responsible for management of financial and administrative affairs. She is also a director of certain members of the Group. She has over 13 years of experience in the PRC real estate industry.

Biographical Details of Directors and Senior Management

Ms. Feng graduated from Shijiazhuang Tiedao College* (石家莊鐵道學院) in Hebei, the PRC in June 1999 with a bachelor's degree in Heating, Ventilation and Air Conditioning Engineering. She also obtained her master's degree in Accountancy from Zhejiang University* (浙江大學) in Zhejiang, the PRC in March 2006. She has also obtained the qualification for intermediate accountant issued by Personnel Bureau of Hangzhou* (杭州市人事局) in October 2009.

Ms. Feng joined Dexin Real Estate in April 2011, and has been the vice president of Dexin Real Estate since December 2013. Prior to joining Dexin Real Estate, she was the financial manager of project companies of Zhejiang Lvxi Real Estate Group Co., Ltd.* (浙江綠西房地產集團有限公司), a joint venture of Greentown China Holdings Limited (綠城房地產集團有限公司) which is listed on the Stock Exchange with stock code 3900 and engaged in property development and sales, and she was primarily responsible for the financial management of Qingshanhu Rose Garden project from May 2009 to April 2011. She was the financial manager of Zhejiang Zheda Insigma Group Co., Ltd.* (浙江浙大網新集團有限公司), which is engaged in property development, and she was primarily responsible for the project financial control and financial management from April 2006 to April 2009.

Non-executive Director

Mr. Hu Shihao (胡詩豪), aged 25, was appointed as our non-executive Director on 14 August 2018. He was also appointed as a director of Dexin HK on 22 March 2018. Mr. Hu Shihao is a member of the audit committee. He is the son of Mr. Hu Yiping who is our executive Director and one of our Controlling Shareholders. He is also one of our Controlling Shareholders. Mr. Hu Shihao is primarily responsible for providing advice on the financial affairs of our Group. He has over 5 years working experience in the real estate industry.

Mr. Hu Shihao graduated from Boston College in Massachusetts, the United States in May 2018 with a bachelor's degree in Finance. He also graduated from Columbia University in New York City, New York, the United States in May 2019 with a master degree in Property Development.

Independent non-executive Directors

Dr. Wong Wing Kuen Albert (王永權) (“Dr. Wong”), aged 68, has been our independent non-executive Director since 11 January 2019. He is primarily responsible for providing independent advice on the operations and management of our Group. Dr Wong is the chairman of the audit committee. He has 26 years of experience in accounting. Dr. Wong is the principal consultant of KND Associates CPA Limited, Hong Kong, a private professional auditing firm in Hong Kong, and is responsible for administration, operation, audit and corporate taxation since January 2018. He is currently an Independent Non-executive Director of APAC Resources Limited (stock code:1104), Solargiga Energy Holdings Limited (stock code: 757), China Merchants Land Limited (stock code: 978), China VAST Industrial Urban Development Company Limited (stock code: 6166), China Wan Tong Yuan (Holdings) Limited (stock code: 6966), Capital Finance Holdings Limited (stock code: 8239) and China Medical & HealthCare Group Limited (stock code: 383), all are listed on The Stock Exchange of Hong Kong Limited.

Dr. Wong was the managing director of Charise Financial Planning Limited, a private professional consulting firm in Hong Kong, and was responsible for administration and operation from October 2005 to January 2014. He was the principal consultant of KND & Co., CPA Limited, a private professional auditing firm in Hong Kong, and was responsible for administration, operation, audit and corporate taxation from January 2014 to December 2017.

Dr. Wong obtained his bachelor's degree in Commerce from a joint program held by Shenzhen University (深圳大學) in Shenzhen, the PRC and Clayton University in Missouri, the United States of America in May 1990. He also obtained a bachelor's degree in Business Management (online course) and a master's degree in Business Administration (online course) from Nottingham Trent University in Nottingham, the United Kingdom in December 2005 and December 2007, respectively. He also obtained his doctoral degree in Philosophy in Business Administration from the Bulacan State University, Republic of the Philippines in December 2010.

Biographical Details of Directors and Senior Management

Dr. Wong was elected or admitted and has remained as member of a number of institutions, including being a fellow member of The Taxation Institute of Hong Kong since January 1999, a fellow member of The Institute of Certified Public Accountants in Ireland since August 2000, a fellow member of The Hong Kong Institute of Chartered Secretaries since February 2002, a member of The Chartered Institute of Arbitrators since May 2002, a fellow member of The Institute of Chartered Secretaries and Administrators since September 2002, a fellow member of Association of International Accountants since September 2005 and a member of the Hong Kong Securities and Investment Institute since November 2012.

Mr. Ding Jiangan (丁建剛) (“Mr. Ding”), aged 56, has been our independent non-executive Director since 11 January 2019. He is primarily responsible for providing independent advice on the operations and management of our Group. Mr. Ding is also the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee. He has over 5 years of research experience in the PRC real estate industry. He graduated from Xi’an Metallurgy and Architecture College* (西安冶金建築學院) in Xi’an, the PRC in June 1983 with a bachelor’s degree in Civil Engineering Specialty (工民建專業). Since May 2014, Mr. Ding has been the director* (院長) of Zhejiang Daily Media Real Estate Institute* (浙報傳媒地產研究院), which is engaged in provision of market analysis of real estate industry, and is responsible for research on real estate policy and real estate market. He is currently an Independent Non-executive Director of Binjiang Service Group Ltd. (stock code: 3316) which is listed on the Stock Exchange of Hong Kong Limited.

Prior to joining our Group, Mr. Ding was the director* (院長) of Transparent Market Institute* (透明市場研究院), which is engaged in provision of market analysis of real estate industry, and was responsible for research on real estate policy and real estate market from March 2013 to May 2014. He was the assistant manager (副主任) of the economic department of, and the deputy editor (副總編輯) of the website Live in Hangzhou* (住在杭州) of, Zhejiang Online News Website Co., Ltd.* (浙江在線新聞網站有限公司), which is engaged in online news publication and he was responsible for researching financial properties and providing commentaries thereon from September 2008 to March 2013. He was the journalist and producer of Zhejiang Radio & TV Group* (浙江廣播電視集團), which is engaged in publication and sales of newspaper, magazines and video, and he was responsible for production of property programs from April 1989 to September 2008. He was the teacher and the leader of teaching and research group of building structure of Zhejiang Construction Industrial College* (浙江省建築工業學校) and was responsible for teaching building structure courses and management of the teaching and research group from November 1985 to April 1989.

Mr. Chen Hengliu (“Mr. Chen”), aged 65, has been our independent non-executive Director since 11 January 2019. He is primarily responsible for providing independent advice on the operations and management of our Group. Mr. Chen is a member of each of the remuneration committee and the nomination committee. He has 13 years of experience in the PRC real estate industry. Since November 2006, Mr. Chen has been the vice president of Sunac China Holdings Limited (融創中國控股有限公司), a company listed on the Stock Exchange with stock code 1918 and engaged in property development, and the chairman of its Southeast regional branch, and he is responsible for the group’s human resources and the development strategies of the Southeast regional branch.

Prior to joining our Group, Mr. Chen was the general manager of the United States subsidiary(ies) of China Sciences Group (Holding) Co., Ltd.* (中科實業集團(控股)有限公司), which is engaged in the procurement and sales of technological products, and he was responsible for corporate development and human resources from 1994 to 1997. He was the assistant to the general manager (總經理助理) and the manager of the development department (發展部經理) of Legend Holdings Corporation (聯想控股股份有限公司) (previously known as Chinese Academy of Sciences Computer Technology Research Institute Technology Development Company* (中國科學院計算技術研究所科技發展公司)), a company listed on the Stock Exchange with stock code 3396 and engaged in research and development and manufacture of computer products, and he was responsible for corporate development and human resources from 1988 to 1990. He was the assistant researcher of the Research Center of Contemporary Science History of the Institute for History of Natural Sciences of Chinese Academy of Sciences* (中國科學院自然科學史研究所近現代科學史研究室), which is engaged in research in science history, and he was responsible for research of history of contemporary technology development from 1985 to 1987.

Biographical Details of Directors and Senior Management

Mr. Chen graduated from Beijing Normal University* (北京師範大學) in Beijing, the PRC in July 1982 with a bachelor's degree in Science (理學). He also obtained his master's degree in Science (理學) from Graduate University of Chinese Academy of Sciences (中國科學院研究生院) in Beijing, the PRC in May 1985.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The biography of each of our senior management member is set out below.

Mr. Fei Zhongmin (費忠敏), aged 50, is our executive Director and president. For details of his biography, please refer to “– Board of Directors – Executive Directors” in this section.

Ms. Feng Xia (馮霞), aged 43, is our executive Director and vice president. For details of her biography, please refer to “– Board of Directors – Executive Directors” in this section.

Ms. Fang Jing (方靜) (“Ms. Fang”), aged 45, was appointed as our executive vice president on 14 August 2018. She is primarily responsible for marketing and sales, customer services and business management of our Group. She was the vice president of Dexin Real Estate from February 2012 to July 2014, and has been serving as the executive vice president of Dexin Real Estate since July 2014, primarily responsible for marketing and sales and customer services management. In addition, Ms. Fang was the sales director (營銷總監), project general manager and general manager of Hangzhou region of Dexin Real Estate, primarily responsible for sales, customer services, project management and regional company's operation management from February 2006 to February 2012. She was the director of Dexin Real Estate (Quzhou) Co., Ltd.* (德信地產(衢州)有限公司), primarily responsible for major business decisions from April 2016 to May 2018. She has 19 years of experience in the PRC real estate industry.

Prior to joining our Group in February 2006, Ms. Fang was the operational manager of Hangzhou Woaiwojia Real Estate Agent Co., Ltd.* (杭州我愛我家房地產經紀有限公司), which is engaged in agency service of sale and purchase of commodity properties, and she was responsible for management of property leasing and sales from October 1999 to December 2002. She was the head of sales management department of Hangzhou Shengshi Weiye Real Estate Agent Co., Ltd.* (杭州盛世偉業房地產代理有限公司), which is engaged in agency service of sale and purchase of commodity properties, she was responsible for sales management from December 2002 to February 2006.

Ms. Fang graduated from Zhejiang University* (浙江大學) in Zhejiang, the PRC in June 1996 with a bachelor's degree in Inorganic Nonmetal Material Engineering. She also obtained her executive master of business administration (EMBA) from Zhejiang University* (浙江大學) in Zhejiang, the PRC in December 2015.

Mr. Zhang Ce (張策) (“Mr. Zhang”), aged 49, was appointed as our vice president on 14 August 2018. He is primarily responsible for daily design management of our Group and in charge of our product centre. He has been serving as the vice president of Dexin Real Estate since February 2012, primarily responsible for product design, research and development. He has over 21 years of experience in the PRC real estate industry.

Biographical Details of Directors and Senior Management

Prior to joining our Group in April 2010, Mr. Zhang was the chief engineer of Lianyungang Xiangyi Group Co., Ltd.* (連雲港香溢集團有限公司) (formerly known as Lianyungang Xiangyi Real Estate Development Co., Ltd.* (連雲港香溢房地產開發有限公司)), which is engaged in property development and property leasing, and he was responsible for property design and engineering management from October 2007 to September 2009. He was the deputy general manager of Zhongyi Group Co., Ltd.* (中毅集團有限公司) (formerly known as Zhejiang Zhongyi Investment Co., Ltd.* (浙江中毅投資有限公司)), which is engaged in industrial investment* (實業投資), and he was responsible for design work management from May 2005 to December 2009. He was the director* (所長) of Lianyungang Architectural Design Research Institute Limited Liability Company* (連雲港市建築設計研究院有限責任公司), which is principally engaged in design drawings, and he was responsible for architectural design and department management from July 1992 to March 2005.

Mr. Zhang graduated from Wuhan Urban Construction Institute* (武漢城市建設學院) (currently known as Huazhong University of Technology* (華中科技大學)) in Wuhan, the PRC in July 1992 with a bachelor's degree in Engineering in Architecture Profession. He also obtained his master's degree in Business Administration from China Europe International Business School (中歐國際工商學院) in Shanghai, the PRC in August 2016. He has also obtained the qualification for senior architect issued by Human Resource Bureau of Jiangsu Province in November 2004 and qualified as the State's Registered Class One Architect (國家一級註冊建築師) issued by The National Administration Board of Architectural Registration in March 2009.

Mr. Shi Binbin (施斌斌) ("Mr. Shi"), aged 42, was appointed as our vice president on 14 August 2018. He is primarily responsible for investment and market research and analysis of our Group. He has been serving as the vice president of Dexin Real Estate since February 2017, primarily responsible for market research and strategic investment. He has over 17 years of experience in the PRC real estate industry.

Mr. Shi joined our Group in October 2001 and served as the deputy general manager of the engineering department of Dexin Real Estate from October 2001 to December 2007. He is also a director of certain members of the Group. He also served as the general managers of a number of subsidiaries of our Company, including Wenzhou Dexin Real Estate Co., Ltd., Wenzhou Dexin Wutian Real Estate Co., Ltd., Wenzhou Dexin Guangjing Real Estate Co., Ltd. and Wenzhou Dexin Ecological Park Real Estate Co., Ltd., Wenzhou Dexin Mingcheng Real Estate Co., Ltd., Wenzhou Dexin Jintian Real Estate Co., Ltd. and Wenzhou Dexin Kaicheng Real Estate Co., Ltd. from July 2013 to February 2017. He then served as the manager of the engineering department of Guangde Sanshihede Real Estate Co., Ltd.* (廣德三獅和德置業有限公司) (a joint venture company of our Company which is held by Dexin Real Estate, Shanghai Hechen Investment Co., Ltd.* (上海禾臣投資有限公司) (an Independent Third Party) and Hangzhou Erjian as to 40%, 35% and 25% and engaged in property development and sale) from January 2008 to December 2010. He served as the deputy general manager of Changxing Dexin Real Estate Co., Ltd.* (長興德信置業有限公司) from January 2011 to March 2013. He then served as the general manager of Wenzhou Dexin Real Estate Co., Ltd. and a region company in Wentai (溫台區域公司) of Dexin Real Estate from April 2013 to December 2016.

Prior to joining our Group in 2001, he was the construction officer of Zhejiang Yuexing Construction Engineering Co. Ltd.* (浙江越興建設工程有限公司) (formerly known as Zhejiang Changxing No. 3 Construction Engineering Company* (浙江省長興縣第三建築工程公司)), which is engaged in industrial and civil construction engineering, and he was responsible for project construction management from July 1997 to February 2001.

Mr. Shi graduated from Zhejiang Construction Industrial College* (浙江省建築工業學校) in Zhejiang, the PRC in July 1997 with a diploma degree (中專學歷) in Industrial and Civil Construction (工業與民用建築). He also obtained his bachelor's degree (本科學歷) in Civil Engineering (online course) from Chongqing University (重慶大學) in Chongqing, the PRC in July 2011. He also obtained a qualification for engineer issued by Personnel Department of Shaoxing* (紹興市人事局) in December 2005.

Biographical Details of Directors and Senior Management

Mr. Gu Liqiang (顧立強) (“Mr. Gu”), aged 45, was appointed as our vice president on 14 August 2018. He is primarily responsible for operation, engineering and cost control of our Group. He has been serving as the vice president of Dexin Real Estate since February 2017, primarily responsible for operation, engineering and cost control. He has over 21 years of experience in the PRC real estate industry.

Prior to joining our Group in February 2017, Mr. Gu was the deputy general manager of Xuzhou Vanke Real Estate Co., Ltd.* (徐州萬科房地產有限公司) (a subsidiary of China Vanke Co., Ltd.* (萬科企業股份有限公司), which is a PRC residential property developer listed on both the Shenzhen Stock Exchange with stock code 000002 and the Stock Exchange of Hong Kong Limited with stock code 2202 (“Vanke”)), which is engaged in property development, and he was responsible for engineering, cost, procurement, construction application and related affairs from February 2013 to February 2017. He also worked in several other property development companies in the PRC including (i) the director of Xuzhou Wanke City Real Estate Co., Ltd.* (徐州萬科城置業有限公司) and Xuzhou Wanchen Real Estate Co., Ltd.* (徐州萬宸置業有限公司) and (ii) the director, chairman and general manager of Xuzhou Dingjun Real Estate Co., Ltd.* (徐州鼎郡置業有限公司), Xuzhou Dingshang Real Estate Co., Ltd.* (徐州鼎尚置業有限公司) and Xuzhou Dingxu Real Estate Co., Ltd.* (徐州鼎旭置業有限公司) from October 2014 to January 2017, during which his primary responsibilities included attending board meetings and directing and implementing daily production operation and management of companies under the leadership of the board. He was project chief manager and department head of engineering department of Zhejiang Vanke Nandou Real Estate Co., Ltd.* (浙江萬科南都房地產有限公司) (a subsidiary of Vanke), which is engaged in property development, and he was responsible for overall project management and engineering management of project companies from May 2010 to February 2013. He was the project manager of China Overseas Real Estate (Hangzhou) Co., Ltd.* (中海地產(杭州)有限公司), which is engaged in property construction, and he was responsible for overall project management from June 2007 to May 2010. He was the assistant manager of the engineering department of Shenzhen China Overseas Construction Co., Ltd.* (深圳中海建築有限公司), which is engaged in property construction, and he was responsible for building system for construction quality, building system for standardization and management of progress of projects under development, quality and safety from July 2006 to June 2007. He served various positions in China Railway 22 Bureau Six Company* (中鐵二十二局六公司), which is engaged in provision of building materials, including technician, technical director (技術負責人), project deputy manager and project manager, and he was responsible for engineering management of projects from July 1996 to July 2004.

Mr. Gu graduated from Beijing Jiaotong University (北京交通大學) in Beijing in July 2004 with a bachelor’s degree (本科學歷) in Civil Engineering (online course). He also obtained his master’s degree in Fluid Machinery and Engineering from Harbin Institute of Technology (哈爾濱工業大學) in Harbin, the PRC in July 2006. He has also obtained the qualification for civil engineer issued by China State Construction Engineering Corporation* (中國建築工程總公司) in December 2008.

COMPANY SECRETARY

Ms. Chau Hing Ling (周慶齡) (“Ms. Chau”), aged 45, was appointed as the company secretary of our Company on 18 May 2018. She joined Corporate Services of Vistra Corporate Services (HK) Limited since June 2013, and now serves as a director of Corporate Services, where she leads a team of professional staff to provide a full range of company secretary services. Ms. Chau has over 17 years of experience in the corporate services industry. Prior to joining Vistra Corporate Services (HK) Limited, she was the associate director of corporate secretarial of an international corporate services provider.

Ms. Chau is also currently the company secretary or joint company secretary of several companies listed on the Stock Exchange of Hong Kong Limited. Ms. Chau received a master of laws majoring in corporate and financial law from The University of Hong Kong in November 2007. She has been a fellow member of Chartered Governance Institute (formerly known as the the Institute of Chartered Secretaries and Administrators) and the Hong Kong Institute of Chartered Secretaries since May 2013.

Directors' Report

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

GLOBAL OFFERING

The Company was incorporated in the Cayman Islands on 16 January 2018 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The Company's ordinary shares (the "**Shares**") were listed on the Stock Exchange on 26 February 2019 (the "**Listing Date**").

PRINCIPAL ACTIVITIES

The Company is an investment holding company, and its subsidiaries established in the PRC are primarily engaged in the property development and construction services, property investment and hotel operations in the PRC.

The activities and particulars of the Company's subsidiaries are shown under Note 39 to the consolidated financial statements. An analysis of the Group's revenue and net results for the year by principal activities is set out in the section headed "Management Discussion and Analysis" in this annual report.

BUSINESS REVIEW

A review of the Group's business during the year, which includes a discussion of the principal risks and uncertainties facing by the Group, an analysis of the Group's performance using financial key performance indicators and an indication of likely future developments in the Group's business, could be found in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" in this annual report. The review and discussion form part of this directors' report.

RELATIONSHIPS WITH KEY STAKEHOLDERS

The Group recognizes that employees, customers and business partners are keys to its sustainable development. The Group is committed to establishing a close and caring relationship with its employees, providing quality services to its customers and enhancing cooperation with its business partners.

The Company provides a fair and safe workplace, promotes diversity to our staff, provides competitive remuneration and benefits and career development opportunities based on their merits and performance. The Group also puts ongoing efforts to provide adequate trainings and development resources to the employees so that they can keep abreast of the latest development of the market and the industry and, at the same time, improve their performance and self-fulfillment in their positions.

The Group understands that it is important to maintain good relationship with customers and provide the products in a way that satisfy needs and requirements of the customers. The Group enhances the relationship by continuous interaction with customers to gain insight on the changing market demand for the products so that the Group can respond proactively. The Group has also established procedures in place for handling customers' complaints to ensure customers' complaints are dealt with in a prompt and timely manner.

The Group is also dedicated to developing good relationship with suppliers and contractors as long-term business partners to ensure stability of the Group's business. We reinforce business partnerships with suppliers and contractors by ongoing communication in a proactive and effective manner so as to ensure quality and timely delivery.

ENVIRONMENTAL POLICIES AND PERFORMANCE

Details of the Group's environmental policies and performance for the year ended 31 December 2019 will be included in an environmental, social and governance report to be published by the Company and will be uploaded to the websites of the Company and the Stock Exchange within three months after the publication date of this annual report.

RESULTS AND DIVIDEND

The consolidated financial results of the Group for the year ended 31 December 2019 are set out on pages 82 to 173 of this annual report.

The Board recommended the payment of a final dividend of RMB0.08 per share for the year ended 31 December 2019 (the "**Proposed Final Dividend**") to the shareholders whose names appear on the register of members of the Company on Friday, 12 June 2020, subject to the shareholders' approval at the forthcoming annual general meeting of the Company to be held on Thursday, 4 June 2020 (the "**2020 AGM**"). It is expected that the Proposed Final Dividend will be paid on or before Wednesday, 30 September 2020.

Including the interim dividend of RMB0.10 per share for the six months ended 30 June 2019 which was paid to the shareholders on Friday, 8 November 2019, the total dividend for the year ended 31 December 2019 amounts to a total of RMB0.18 per share, which represents a payout ratio of 30% of the profit attributable to the shareholders for the year ended 31 December 2019.

DIVIDEND POLICY

The Company has adopted a dividend policy (the "**Dividend Policy**"), details of which are disclosed as follows:

Purpose

This Dividend Policy sets out the principles and guidelines that the Company will apply when considering the declaration and payment of dividends to the shareholders of the Company.

Principles and guidelines

The Company may, subject to the Cayman Companies Law, from time to time in a general meeting declare dividends in any currency to be paid to the shareholders of the Company but no dividend shall be declared in excess of the amount recommended by the Board.

The Board may from time to time determine to pay to the shareholders of the Company such interim dividends as appear to the Board to be justified by the profits of the Company.

The Board has the discretion to declare dividends to the shareholders of the Company, subject to the Articles of the Association of the Company (the "**Articles**") and all applicable laws and regulations, taking into account the factors set out below:

- financial results;
- cash flow situation;
- business conditions and strategies;
- future operations and earnings;

Directors' Report

- capital requirements and expenditure plans;
- interests of shareholders;
- taxation considerations;
- any contractual, statutory and regulatory restrictions on payment of dividends; and
- any other factors that the Board may consider relevant.

Review of the Dividend Policy

The Board will review the Dividend Policy as appropriate from time to time.

CLOSURE OF THE REGISTER OF MEMBERS

(A) For Determining the Entitlement to Attend and Vote at the 2020 AGM

The register of members of the Company will be closed from Monday, 1 June 2020 to Thursday, 4 June 2020, both days inclusive, during which period no share transfer will be effected, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2020 AGM. In order to be eligible to attend and vote at the 2020 AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Friday, 29 May 2020.

(B) For Determining the Entitlement to the Proposed Final Dividend

The register of members of the Company will be closed from Wednesday, 10 June 2020 to Friday, 12 June 2020, both dates inclusive, during this period no transfer of shares of the Company will be registered. In order to be eligible to receive the Proposed Final Dividend, unregistered holders of shares of the Company should ensure that all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on Tuesday, 9 June 2020.

FINANCIAL SUMMARY

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years is set out on page 174 of this annual report.

PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries of the Company are set out in Note 39 to the consolidated financial statements on pages 170 to 171 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year ended 31 December 2019 are set out in Note 14 to the consolidated financial statements on pages 138 to 140 of this annual report.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year ended 31 December 2019 are set out in Note 26 to the consolidated financial statements on pages 155 to 156 of this annual report.

RESERVES

Details of the movement in the reserves of the Group and of the Company during the year ended 31 December 2019 are set out in Note 27 to the consolidated financial statements on page 156 and Note 28 to the consolidated financial statements on page 157 of this annual report.

DISTRIBUTABLE RESERVES

Details of reserves available for distribution to shareholders are set out in Note 40(a) of the consolidated financial statements. Under the Companies Law (Revised) of the Cayman Islands, the share premium of the Company is distributable to the shareholders provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

BORROWINGS FROM BANK AND OTHER FINANCIAL INSTITUTIONS

Details of borrowings from bank and other financial institutions of the Group as at 31 December 2019 are set out in Note 30 to the consolidated financial statements on pages 158 to 160 of this annual report.

LOAN AND GUARANTEE

During the year ended 31 December 2019, the Group had not made any loan or provided any guarantee for loan, directly or indirectly, to the Directors, senior management of the Company, the Controlling Shareholders or their respective associates (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles, or the laws of the Cayman Islands, being the jurisdiction in which the Company is incorporated, which would oblige the Company to offer new Shares on a pro-rata basis to its existing shareholders.

Directors' Report

USE OF NET PROCEEDS FROM THE IPO

The net proceeds from the listing amounted to HK\$1,562.2 million after deducting the underwriting fees and commissions and other listing expenses borne by the Company. As at 31 December 2019, the Directors are not aware of any material change to the planned use of the proceeds as set out in the section headed "Future Plans and Use of Proceeds" in the prospectus dated 14 February 2019 (the "**Prospectus**"). In 2019, the Company used the proceeds raised from the Global Offering in accordance with its development strategies, market conditions and intended use of such proceeds.

An analysis of the planned usage of net proceeds as stated in the Prospectus and the actual utilization of the net proceeds for the period from the Listing Date up to 31 December 2019 and the intended use of the proceeds are set out as below:

Business objective as stated in the Prospectus	Percentage of total net proceeds	Planned use of net proceeds ^(Note) HK\$'million	Actual use of net proceeds during the period from the Listing Date to	Proceeds unused HK\$'million	Intended use of the proceeds HK\$'million	Expected timeline
			31 December 2019 HK\$'million			
For the development of some of the existing property projects	60%	937.3	937.3	–	–	N/A
For land acquisition and construction costs for potential projects	30%	468.7	468.7	–	–	N/A
For general corporate and working capital purposes	10%	156.2	15.0	141.2	141.2	Expected to be utilized by June 2020

Notes:

- As disclosed in the Prospectus, the estimated net proceeds from the listing, after deduction of the underwriting fees and commissions and expenses paid by the Company in connection therewith, were approximately HK\$1,367.8 million. The actual net proceeds received by the Company were approximately HK\$1,562.2 million after the exercise of the over-allotment option. The Company intends to adjust the difference of approximately HK\$194.4 million to each business strategy in the same proportion as the original funds to be applied as shown in the Prospectus.

DIRECTORS

The Board currently consists of the following seven Directors:

Executive Directors

Mr. Hu Yiping (*Chairman*)

Mr. Fei Zhongmin

Ms. Feng Xia

Non-executive Director

Mr. Hu Shihao

Independent non-executive Directors

Dr. Wong Wing Kuen Albert

Mr. Ding Jiangang

Mr. Chen Hengliu

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND THE SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Company as at the date of this annual report are set out on pages 36 to 41 in the section headed "Biographical Details of Directors and Senior Management" to this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of Mr. Hu Yiping, Mr. Fei Zhongmin and Ms. Feng Xia, being the executive Directors, has entered into a service contract with the Company for an initial term of three years commencing from the Listing Date.

Mr. Hu Shihao, being the non-executive Director, has entered into a letter of appointment with the Company for an initial term of three years commencing from the Listing Date.

Each of Dr. Wong Wing Kuen Albert, Mr. Ding Jiangang and Mr. Chen Hengliu, being the independent non-executive Directors, has entered into a letter of appointment with the Company for an initial term of three years commencing from the Listing Date.

Save as disclosed above, none of the Directors has or is proposed to have entered into any service agreement or letter of appointment with any member of the Group (excluding agreements expiring or determinable by any member of the Group within one year without payment of compensation other than statutory compensation).

CONTRACTS WITH CONTROLLING SHAREHOLDERS

Other than disclosed in the sections headed "Related Party Transactions and Connected Transactions" and "Management Discussion and Analysis" and Note 38 to the consolidated financial statements contained in this annual report, no contract of significance was entered into between the Company or any of its subsidiaries and the Controlling Shareholders or any of its subsidiaries during the year ended 31 December 2019 or subsisted at the end of the year and no contract of significance for the provision of services to the Company or any of its subsidiaries by a Controlling Shareholder or any of its subsidiaries was entered into during the year ended 31 December 2019 or subsisted at the end of the year.

Directors' Report

DIRECTOR'S INTEREST IN TRANSACTIONS, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

Other than disclosed in the sections headed "Related Party Transactions and Connected Transactions" and "Management Discussion and Analysis" and Note 38 to the consolidated financial statements contained in this annual report, no transaction, arrangement or contract of significance to the business of the Group which the Company or any of its subsidiaries was a party, and in which a Director or any entity connected with such a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2019.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The emoluments (including the discretionary bonuses) of the Directors and senior management of the Group are decided by the Board with reference to the recommendation given by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market statistics.

Details of the Directors' emoluments and emoluments of the five highest paid individual in the Group are set out in Note 8 to the consolidated financial statements on pages 131 to 134 of this annual report.

For the year ended 31 December 2019, no emoluments were paid by the Group to any Director or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors has waived or agreed to waive any emoluments for the year ended 31 December 2019.

The Company has also adopted the Share Option Scheme as incentive for Directors and eligible employees. Details of the said scheme are set out under the section headed "Share Option Scheme" in this annual report.

Except as disclosed above, no other payments have been made or are payable, for the year ended 31 December 2019, by the Group to or on behalf of any of the Directors.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2019, none of the Directors or their respective close associates (as defined in the Listing Rules) had any interest in a business that competed or was likely to compete, either directly or indirectly, with the business of the Group, other than being a director of the Company and/or its subsidiaries.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as disclosed in this annual report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

DEED OF NON-COMPETITION

On 1 February 2019, each of the Controlling Shareholders entered into the Deed of Non-competition in favor of the Company, pursuant to which, among other things, each of the Controlling Shareholders has irrevocably and unconditionally undertaken, jointly and severally given certain non-competition undertakings to the Company. Details of the Deed of Non-competition are set out in the section headed "Relationship with the Controlling Shareholders – Deed of Non-competition" in the Prospectus.

The Controlling Shareholders confirmed that they have complied with the Deed of Non-competition during the year ended 31 December 2019. The independent non-executive Directors have conducted a review for the year ended 31 December 2019 and also reviewed the relevant undertakings and are satisfied that the Deed of Non-competition has been fully complied with.

MANAGEMENT CONTRACTS

Other than the Directors' service contracts and appointment letters as disclosed in the section headed "Directors' service contracts" in this annual report, no contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or in existence as at the end of the year or at any time during the year ended 31 December 2019.

MATERIAL LEGAL PROCEEDINGS

The Group was not involved in any material legal proceeding during the year ended 31 December 2019.

SHARE OPTION SCHEME

On 11 January 2019, the Company adopted the share option scheme (the "**Share Option Scheme**"), which falls within the ambit of, and is subject to, the regulations under Chapter 17 of the Listing Rules. The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. The Directors consider the Share Option Scheme, with its broadened basis of participation, will enable the Group to reward employees, Directors and other selected participants for their contributions to the Group. Given that the Directors are entitled to determine the performance targets to be achieved as well as the minimum period that an option must be held before an option can be exercised on a case by case basis, and that the exercise price of an option cannot in any event fall below the price stipulated in the Listing Rules or such higher price as may be fixed by the Directors, it is expected that grantees of an option will make an effort to contribute to the development of the Group so as to bring about an increased market price of the Shares in order to capitalize on the benefits of the options granted.

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Group shall not in aggregate exceed 10% of the Shares in issue on the day on which trading of the Shares commence on the Stock Exchange, such 10% limit represents 263,200,000 Shares, but excluding any Shares which may be issued upon the exercise of the Over-allotment Option.

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Company (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the total number of Shares in issue for the time being.

The Share Option Scheme will remain in force for a period of 10 years from 11 January 2019 and the options granted have a 10-year exercise period. Options may be vested over such period(s) as determined by the Board in its absolute discretion subject to compliance with the requirements under any applicable laws, regulations or rules.

Directors' Report

The exercise price per Share under the Share Option Scheme will be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations for the five business days immediately preceding the date of the offer of grant (provided that in the event that any option is proposed to be granted within a period of less than five business days after the trading of the Shares first commences on the Stock Exchange, the new issue price of the Shares for the Global Offering shall be used as the closing price for any business day falling within the period before Listing); and (iii) the nominal value of a Share on the date of grant.

A nominal consideration of HK\$1.00 is payable upon acceptance of the grant of an option.

No options were granted, exercised, cancelled or lapsed by the Company under the Share Option Scheme during the year ended 31 December 2019 and up to the date of this annual report and there were no outstanding share options under the Share Option Scheme during the year and up to the date of this annual report.

A summary of the terms of the Share Option Scheme has been set out in the section headed "D. Share Option Scheme" in Appendix VI of the Prospectus.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE IN SECURITIES

As at 31 December 2019, interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules were as follows:

(i) Long/short position in ordinary Shares

Name of Director	Capacity	Number of ordinary Shares interested ⁽¹⁾	Approximate percentage of the Company's issued share capital
Mr. Hu Yiping ⁽²⁾	Interest in controlled corporation	1,838,950,000 (L)	68.08%
Mr. Fei Zhongmin	Beneficial owner	39,164,500 (L)	1.45%
Ms. Feng Xia	Beneficial owner	12,964,800 (L)	0.48%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) The entire issued share capital of Tak Yuan International Limited ("Tak Yuan") is held by Mr. Hu Yiping, therefore Mr. Hu Yiping is deemed to be interested in all the Shares held by Tak Yuan by virtue of the SFO. Since Mr. Hu Yiping owns 92% of Tak Shin International Limited ("Tak Shin"), Mr. Hu Yiping is also deemed to be interested in all the Shares held by Tak Shin by virtue of the SFO.

(ii) Interests in associated corporations of the Company

Name of Director	Name of associated corporation	Capacity/nature of interest	Number of shares ⁽¹⁾	Percentage of shareholding interest
Mr. Hu Yiping	Tak Shin ⁽²⁾	Beneficial owner	460 (L)	92.00%
Mr. Hu Shihao	Tak Shin ⁽²⁾	Beneficial owner	40 (L)	8.00%
Mr. Fei Zhongmin	Deqing Jinxiao Corporate Management Partnership (Limited Partnership)	Beneficial owner	2,000,000 (L)	20.00%

Notes:

- (1) The letter "L" denotes the person's long position in the shares.
- (2) Tak Shin is the holding company of the Company and therefore an "associated corporation" of the Company within the meaning of Part XV of the SFO. Tak Shin held 1,764,000,000 Shares of the Company which accounted for approximately 65.30% of the total share capital of the Company.

Save as disclosed above in this annual report and to the best knowledge of the Directors, as at 31 December 2019, none of the Directors or the chief executive of the Company had any interests and/or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

So far as is known to any Director or chief executive of the Company, as at 31 December 2019, the following corporations/persons (other than Directors or the chief executive of the Company) had interests of 5% or more in the issued shares of the Company according to the register of interests required to be kept by the Company under section 336 of the SFO:

Name	Capacity	Number of ordinary Shares interested ⁽¹⁾	Approximate percentage of the Company's issued share capital
Tak Shin	Beneficial owner	1,764,000,000 (L)	65.30%
Ms. Wei Peifen ⁽²⁾	Interest of spouse	1,838,950,000 (L)	68.08%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) Ms. Wei Peifen is the wife of Mr. Hu Yiping. Under the SFO, Ms. Wei Peifen is deemed to be interested in Mr. Hu Yiping's interests in Tak Shin and Tak Yuan.

Save as disclosed above and to the best knowledge of the Directors, as at 31 December 2019, no person (other than the Directors or chief executives of the Company) had registered an interest or a short position in the Shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

Directors' Report

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the Share Option Scheme as disclosed under the section headed "Share Option Scheme" in this annual report, at no time during the year under review was the Company, its holding company, or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debt securities including debentures of, the Company or any other body corporate.

MAJOR SUPPLIERS AND CUSTOMERS

In the year under review, the Group's largest customers accounted for 0.13% of the Group's total revenue. The Group's five largest customers accounted for 0.53% of the Group's total revenue.

In the year under review, the Group's largest suppliers accounted for 5.32% of the Group's total purchase. The Group's five largest suppliers accounted for 18.45% of the Group's total purchase.

None of the Directors or any of their close associates (as defined under the Listing Rules) or any shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) has any beneficial interest in the Group's five largest suppliers or the Group's five largest customers.

TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

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

RETIREMENT BENEFITS SCHEME

During the year ended 31 December 2019, the employees of the Hong Kong subsidiaries are required to participate in the Mandatory Provident Fund in Hong Kong. The employees of the PRC subsidiaries are members of the state-managed retirement benefits scheme operated by the PRC government. The employees of both Hong Kong and the PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to this retirement benefits scheme is to make the required contributions under the scheme.

Details of the pension obligations of the Company are set out in Note 8 to the consolidated financial statements in this annual report.

EQUITY-LINKED AGREEMENTS

During the year ended 31 December 2019, the Company had not entered into any equity-linked agreement.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

The Group entered into certain related party transactions with related parties during the year ended 31 December 2019 which constituted connected transactions or continuing connected transactions of the Group, details of which are set out in note 38 to the consolidated financial statements.

The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of such transactions.

The Group had entered into various transactions which constituted continuing connected transactions under Chapter 14A of the Listing Rules. All the continuing connected transactions during the year that need to be disclosed herein are conducted in compliance with the Listing Rules. The transaction amount of the continuing connected transactions of the Group for the year ended 31 December 2019 is set out below:

Connected Person	Nature of Transaction	Transaction Amount for Year Ended 31 December 2019 (RMB'000)
<i>Non-exempt continuing connected transactions</i>		
ShengQuan Property Service Co., Ltd. ("ShengQuan Property Service") ⁽¹⁾	Provision of property management service	59,779
Zhejiang Geya Decoration Co., Ltd. ("Zhejiang Geya Decoration") ⁽²⁾	Provision of decoration and related services	151,187
Huzhou Geya Doors and Windows Co., Ltd. ("Huzhou Geya") ⁽³⁾	Provision of decoration and related services	20,365

Notes:

- (1) ShengQuan Property Service is a company established under the laws of the PRC with limited liability and is principally engaged in providing property management services. ShengQuan Property Service is owned as to approximately 80.09% by Shengquan Holding Co., Ltd. which is wholly-owned by Dexin Holding Group Limited, a company owned by Mr. Hu Yiping (the Chairman, an executive Director and controlling shareholder of the Company) as to 91.61% and Mr. Hu Shihao (a non-executive Director and the son of Mr. Hu Yiping) as to 8.39%, respectively.

On 1 February 2019, the Company and ShengQuan Property Service entered into the framework property management service agreement to govern the provision of property management services by ShengQuan Property Service to the Group for its property development projects for a term up to 31 December 2021.

On 13 December 2019, the Company and ShengQuan Property Service entered into the supplemental framework property management agreement to amend the annual caps for the year ended 31 December 2019.

The revised annual cap for the year ended 31 December 2019 was RMB73.0 million. The annual caps for the years ending 31 December 2020 and 2021 will be RMB51.0 million and RMB65.9 million, respectively.

Directors' Report

- (2) Zhejiang Geya Decoration is a company established under the laws of the PRC with limited liability and is principally engaged in providing decoration services. Zhejiang Geya Decoration is owned as to 91.43% by Mr. Hu Yuegen, the brother of Mr. Hu Yiping.

On 1 February 2019, the Company and Zhejiang Geya Decoration entered into the framework decoration service agreement to govern the provision of decoration and related services by Zhejiang Geya Decoration to the Group for its property development projects for a term up to 31 December 2021.

On 13 December 2019, the Company and Zhejiang Geya Decoration entered into the supplemental framework property management agreement to amend the annual caps for the year ended 31 December 2019.

The revised annual cap for the year ended 31 December 2019 was RMB200.0 million. The annual caps for the years ending 31 December 2020 and 2021 will be RMB160.0 million and RMB200.0 million, respectively.

- (3) Huzhou Geya is a company established under the laws of the PRC with limited liability and is principally engaged in providing decoration services. Huzhou Geya is owned as to 90% by Mr. Hu Yuegen, the brother of Mr. Hu Yiping.

On 13 December 2019, the Company and Huzhou Geya entered into the framework decoration service agreement to govern the provision of decoration and related services by Huzhou Geya to the Group for its property development projects for a term up to 31 December 2019.

The annual cap for the year ended 31 December 2019 was RMB30.0 million.

The independent non-executive Directors confirmed that the above continuing connected transactions have been entered into in the ordinary and usual course of business of the Group on normal commercial terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole. The independent non-executive Directors further confirmed that the annual caps in respect of the above continuing connected transactions are fair and reasonable and in the interests of the Company and its shareholders as a whole and that the transactions were conducted in accordance with the pricing policies disclosed in the Prospectus or the relevant announcements.

In accordance with Rule 14A.56 of the Listing Rules, 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 (Revised) "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 of the Company has issued his unqualified letter containing his findings and conclusions in respect of the aforesaid continuing connected transactions. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

On 24 October 2019, Hangzhou Deguan Investment Co., Ltd. (an indirect wholly-owned subsidiary of the Company) ("**Deguan Investment**") and Hangzhou Junde Commercial Operation Management Co., Ltd. ("**Junde Commercial**") entered into a parking spaces transfer agreement, pursuant to which Deguan Investment has agreed to sell, and Junde Commercial has agreed to purchase, the 153 underground parking spaces located at Morning Mansion at a consideration of RMB11,934,000.

The parking spaces were located at Morning Mansion, a residential project located in Hangzhou City, Zhejiang Province, the PRC, developed by Deguan Investment and completed in November 2016. The parking spaces disposal can revitalize the Company's project assets and the Parking Spaces Disposal can recognise a gain, and enhance the cashflow turnover rate.

Junde Commercial is a wholly-owned subsidiary of ShengQuan Property Service. ShengQuan Property Service is owned as to approximately 80.09% by Shengquan Holding Co., Ltd. which is wholly-owned by Dexin Holding Group Limited, a company owned by Mr. Hu Yiping, the Chairman and an executive Director, as to 91.61% and Mr. Hu Shihao, a non-executive Director and the son of Mr. Hu Yiping, as to 8.39%, respectively.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its code of conduct regarding dealings in the securities of the Company by the Directors and the Group's senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Group or the Company's securities.

Upon specific enquiry, all Directors confirmed that they have complied with the Model Code during the year ended 31 December 2019. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group during the year ended 31 December 2019.

EVENTS AFTER REPORTING PERIOD

- (a) The Company has issued US\$200 million senior notes bearing an interest rate of 11.875% per annum due in April 2022 at an issue price of 97.90% on 23 January 2020. The senior notes were listed on the Stock Exchange on 24 January 2020.
- (b) Since early 2020, the epidemic of Coronavirus Disease 2019 (the "**COVID-19 outbreak**") has spread across China and other countries and it has affected the business and economic activities of the Group to some extent.

The overall financial effect of the above cannot be reliably estimated as of the date of this annual report.

The Group will pay close attention to the development of the COVID-19 outbreak and continue to evaluate its impact on the leasing market, the financial position and operating results of the Group.

Save as disclosed above, there are no important events after the reporting period and up to the date of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, as at the date of this annual report, the Company has maintained the public float as required under the Listing Rules.

INDEMNITY OF DIRECTORS

The Company has arranged Directors' and officers' liability insurance for all Directors and senior management. These insurances provided protection to the liability incurred from related cost, fees, expense and legal actions resulting from corporate activities. Pursuant to Article 192 of the Articles, the Directors, managing Directors, alternate Directors, auditors, secretary and other officers for the time being of the Company and the trustees (if any) for the time being acting in relation to any of the affairs of the Company, and their respective executors or administrators, shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their executors or administrators, shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts, except such (if any) as they shall incur or sustain through their own fraud or dishonesty, and none of them shall be answerable for the acts, receipts, neglects or defaults of any other of them, or for joining in any receipt for the sake of conformity, or for any bankers or other persons with whom any moneys or effects of the Company shall be lodged or deposited for safe custody, or for the insufficiency or deficiency of any security upon which any moneys of the Company shall be placed out or invested, or for any other loss, misfortune or damage which may arise in the execution of their respective offices or trusts, or in relation thereto, except as the same shall happen by or through their own fraud, dishonesty or recklessness. The Company may take out and pay the premium and other moneys for the maintenance of insurance, bonds and other instruments for the benefit either of the Company or the Directors (and/or other officers) or any of them to indemnify the Company and/or Directors (and/or other officers) named therein for this purpose against any loss, damage, liability and claim which they may suffer or sustain in connection with any breach by the Directors (and/or other officers) or any of them of their duties to the Company.

Directors' Report

CORPORATE GOVERNANCE

The Company recognises the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the shareholders as a whole. The Company has adopted the code provisions set out in the Corporate Governance Code (the “CG Code”) as contained in Appendix 14 to the Listing Rules as its own code to govern its corporate governance practices.

In the opinion of the Directors, the Company had complied with the relevant code provisions contained in the CG Code during the year ended 31 December 2019.

The Board will continue to review and monitor the practices of the Company with an aim to maintaining a high standard of corporate governance.

Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 57 to 75 of this annual report.

DONATIONS

During the year ended 31 December 2019, the Group made charitable and other donations amounting to RMB688,000.

AUDIT COMMITTEE

The Audit Committee had reviewed together with the management and external auditor the accounting principles and policies adopted by the Company and the audited consolidated financial statements for the year ended 31 December 2019.

AUDITOR

The Shares were listed on the Stock Exchange on 26 February 2019, and there has been no change in the auditor since the Listing Date. The consolidated financial statements for the year ended 31 December 2019 have been audited by PricewaterhouseCoopers. A resolution will be proposed at the 2020 AGM to re-appoint PricewaterhouseCoopers as the auditor of the Company.

COMPLIANCE WITH LAWS AND REGULATIONS

For the year ended 31 December 2019, the Company was in compliance with the relevant laws and regulations that have a significant impact on the Company.

CHANGES IN THE BOARD AND THE DIRECTORS' INFORMATION

There was no change in the Board and the information of Directors since the date of the Prospectus.

On behalf of the Board

Hu Yiping
Chairman

Hong Kong, 19 March 2020

Corporate Governance Report

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

CORPORATE GOVERNANCE PRACTICES

The Shares have been listed on the Stock Exchange since the Listing Date. The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code. During the year ended 31 December 2019, the Board believes that the Company has fully complied with the code provision of the CG Code. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the code provisions of the CG Code.

THE BOARD

(1) Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board Committees including the Audit Committee, the Remuneration Committee and the Nomination Committee. The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference. All Board Committees are provided with sufficient resources to perform their duties.

All Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its shareholders at all times.

(2) Directors' and senior management's liability insurance and indemnity

The Company has arranged appropriate liability insurance to indemnify the Directors and senior management of the Company for their liabilities arising out of corporate activities. The insurance coverage will be reviewed on an annual basis.

(3) Board composition

As at 31 December 2019, the Board comprises three executive Directors, one non-executive Director and three independent non-executive Directors.

Executive Directors

Mr. Hu Yiping (*Chairman*)
Mr. Fei Zhongmin
Ms. Feng Xia

Non-executive Director

Mr. Hu Shihao

Independent Non-executive Directors

Dr. Wong Wing Kuen Albert
Mr. Ding Jiangang
Mr. Chen Hengliu

Corporate Governance Report

Except that Mr. Hu Yiping is the father of Mr. Hu Shihao, no other relationship (including financial, business, family or other material/relevant relationship(s)) between the Board members.

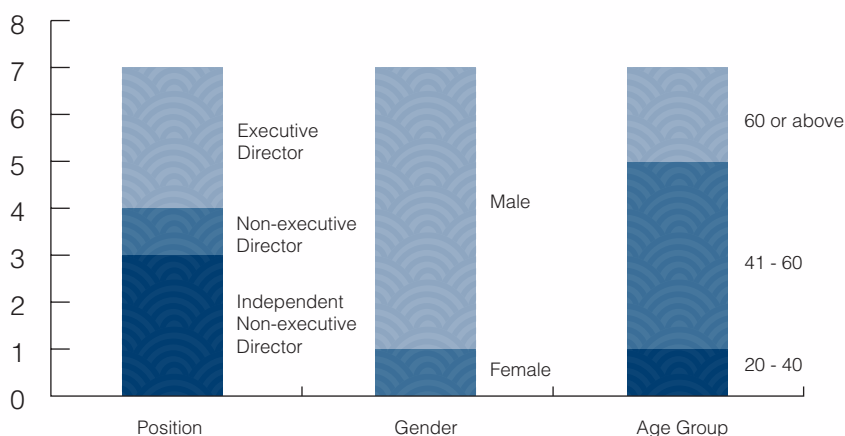
For the year ended 31 December 2019, the Board at all times met the requirements of Rules 3.10(1), 3.10(2) and 3.10(A) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise and the appointment of independent non-executive Directors representing at least one-third of the Board. Among the three independent non-executive Directors, Dr. Wong Wing Kuen Albert has appropriate professional qualifications or accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules.

(4) Board diversity policy

Pursuant to Rule 13.92 of the Listing Rules, the nomination committee (or the board) shall have a policy concerning diversity of board members, and shall disclose the policy on diversity or a summary of the policy in the corporate governance report. The board diversity policy of the Company (the “**Board Diversity Policy**”) specifies that in designing the composition of the Board, Board diversity shall be considered from a number of aspects, including but not limited to age, cultural and educational background, professional experience, skills and knowledge. The appointment of Directors will be based on meritocracy, and candidates will be evaluated against objective criteria, having due regard for the benefits of diversity of the Board. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, knowledge and skills.

The composition of the Board will be disclosed in the Corporate Governance Report every year and the Nomination Committee will supervise the implementation of this policy. The Nomination Committee will review the effectiveness of this policy, as appropriate, discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

As at 31 December 2019, the diversity of the Board is illustrated as below. Further details on the biographies and experience of the Directors are set out on page 36 to page 41 of this annual report.



The Nomination Committee has reviewed the membership, structure and composition of the Board, and is of the opinion that the structure of the Board is reasonable, and the experiences and skills of the Directors in various aspects and fields can enable the Company to maintain high standard of operation.

Corporate Governance Report

(5) Measurable objectives

For the purpose of implementation of the Board Diversity Policy, the following measurable objectives were adopted:

- (i) Independence: The Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors) so that there is a strong element of independence in the Board. The independent non-executive Directors shall be of sufficient calibre and stature for their views to carry weight.
- (ii) Skills and experience: The Board possesses a balance of skills appropriate for the requirements of the business of the Company. The Directors have a mix of finance, academic and management backgrounds that taken together provide the Company with considerable experience in a range of activities.

Apart from the above objectives, the Board Diversity Policy has the following objectives to comply with the Listing Rules:

1. at least one third of the members of the Board shall be independent non-executive Directors;
2. at least three of the members of the Board shall be independent non-executive Directors; and
3. at least one of the members of the Board shall have obtained appropriate professional qualifications or accounting or related financial management expertise.

The Board has achieved the measurable objectives in the Board Diversity Policy.

(6) Confirmation of independence by the independent non-executive Directors

The Company has received written annual confirmation from each independent non-executive Director of his independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines as set out in the Listing Rules.

Except that Mr. Hu Yiping (an executive Director) is the father of Mr. Hu Shihao (a non-executive Director), none of the Directors has any personal relationship (including financial, business, family or other material/relevant relationship), with any other Director.

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

As regards the CG Code provision requiring Directors to disclose the number and nature of offices held in public companies or organisations and other significant commitments as well as their respective identity of the public companies or organisations and the time involved to the issuer, the Directors have agreed to disclose, and already disclosed their commitments to the Company in a timely manner.

Corporate Governance Report

(7) Induction and continuous professional development

Pursuant to the code provision A.6.5 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

Pursuant to the code provision A.6.1 of the CG Code, each newly appointed Director should be provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statutes, laws, rules and regulations.

During the year ended 31 December 2019, all Directors, namely Mr. Hu Yiping, Mr. Fei Zhongmin, Ms. Feng Xia, Mr. Hu Shihao, Dr. Wong Wing Kuen Albert, Mr. Ding Jiangang and Mr. Chen Hengliu, have been updated with the latest developments regarding the Listing Rules and other applicable regulatory requirements through reading materials to ensure compliance and enhance their awareness of good corporate governance practices. In addition, continuing briefing and professional development to Directors will be arranged whenever necessary.

The individual training record of each Director received during the Year is summarised below:

Directors	Reading materials
Executive Directors	
Mr. Hu Yiping	√
Mr. Fei Zhongmin	√
Ms. Feng Xia	√
Non-executive Director	
Mr. Hu Shihao	√
Independent Non-executive Directors	
Dr. Wong Wing Kuen Albert	√
Mr. Ding Jiangang	√
Mr. Chen Hengliu	√

(8) Chairman and Chief Executive Officer

Under the code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and performed by different individuals. Under the current organisation structure of the Company, Mr. Hu Yiping is the Chairman of the Company and Mr. Fei Zhongmin is the president of the Company (namely, the chief executive officer of the Company).

The Board and the senior management, which comprises experienced and high calibre, individuals can ensure the balance of power and authority. As at 31 December 2019, the Board comprised three executive Directors, one non-executive Director and three independent non-executive Directors.

(9) Appointment and re-election of Directors

Each of Mr. Hu Yiping, Mr. Fei Zhongmin and Ms. Feng Xia, being the executive Directors, has entered into a service contract with the Company for an initial term of three years commencing from the Listing Date.

Mr. Hu Shihao, being the non-executive Director, has entered into a letter of appointment with the Company for an initial term of three years commencing from the Listing Date.

Each of Dr. Wong Wing Kuen Albert, Mr. Ding Jiangang and Mr. Chen Hengliu, being the independent non-executive Directors, has entered into a letter of appointment with the Company for an initial term of three years commencing from the Listing Date.

Save as disclosed above, none of the Directors has or is proposed to have entered into any service agreement or letter of appointment with any member of the Group (excluding agreements expiring or determinable by any member of the Group within one year without payment of compensation other than statutory compensation).

In accordance with the Articles, at each annual general meeting one-third of the Directors for the time being shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

Any new Director appointed to fill a casual vacancy shall submit himself/herself for election by shareholders at the first general meeting of the Company after appointment and any new Director appointed as an addition to the Board shall submit himself/herself for re-election by the shareholders at the next following annual general meeting of the Company after appointment.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles. The Nomination Committee is responsible for reviewing the Board composition, monitoring and make recommendations to the Board on the appointment, re-election and succession planning of Directors, in particular the Chairman and the Chief Executive Officer.

(10) Board meetings and committee meetings

The Company became listed on 26 February 2019. The Company adopts the practice of holding board meetings regularly, at least four times a year, and at approximately quarterly intervals. Both the Nomination Committee and the Remuneration Committee shall meet at least once every year and the Audit Committee shall meet at least twice a year. Notices of not less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting. For other Board and committee meetings, reasonable notice is generally given. The agenda and accompanying board papers are dispatched to the Directors or committee members at least three days before the intended date of the meeting to ensure that they have sufficient time to review the papers and be adequately prepared for the meeting. When Directors or committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman of the Board or the committee members prior to the meeting. Minutes of meetings are kept by the Company Secretary with copies circulated to relevant Board or Board Committee for comments and records.

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

Corporate Governance Report

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

Directors	Attended/ Eligible to attend
Mr. Hu Yiping (Chairman and Executive Director)	5/5
Mr. Fei Zhongmin (Executive Director)	5/5
Ms. Feng Xia (Executive Director)	5/5
Mr. Hu Shihao (Non-executive Director)	5/5
Dr. Wong Wing Kuen Albert (Independent Non-executive Director)	5/5
Mr. Ding Jiangang (Independent Non-executive Director)	5/5
Mr. Chen Hengliu (Independent Non-executive Director)	5/5

(11) Model Code for Securities Transactions

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Specific enquiry has been made of all the Directors and each of the Directors has confirmed that he/she has complied with the Model Code for the year ended 31 December 2019.

(12) Delegation by the Board

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

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board to ensure that they remain appropriate to the Company's needs. Approval has to be obtained from the Board prior to any significant transactions entered into by the management on the Company's behalf.

(13) Corporate governance function

The Board recognizes that corporate governance should be the collective responsibility of Directors and has delegated the corporate governance duties to the Audit Committee which include:

- (a) to develop and review the Group's policies and practices on corporate governance and make recommendations to the Board;
- (b) to review and monitor the training and continuous professional development of Directors and senior management of the Group;
- (c) to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors of the Group; and
- (e) to review the Group's compliance with the CG Code from time to time adopted by the Group and the disclosure in the Corporate Governance Report to be contained in the Company's annual reports.

BOARD COMMITTEES

(1) Nomination Committee

As at 31 December 2019, the nomination committee of the Company (the "**Nomination Committee**") comprised three members, namely Mr. Hu Yiping (chairman and executive Director), Mr. Ding Jiangang and Mr. Chen Hengliu (each being an independent non-executive Director). The majority of the committee members are independent non-executive Directors. Mr. Hu Yiping is the chairman of this committee.

The principal duties of the Nomination Committee include the followings:

- To review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and to make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- To develop the criteria for identifying and assessing the qualifications of and evaluating candidates for directorship;
- To identify individuals who are suitably qualified to become a member of the Board and to select or make recommendations to the Board on the selection of individuals nominated for directorships;
- To assess the independence of independent non-executive directors of the Company;
- To make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular, the chairman of the Board and the chief executive officer of the Company; and
- To develop a policy concerning diversity of members of the Board and to disclose the policy or a summary of the policy in the corporate governance report.

Corporate Governance Report

The Nomination Committee will assess the candidate or incumbent on criteria such as integrity, experience, skill and ability to commit time and effort to carry out the 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 respective website of the Stock Exchange and the Company.

During the year under review, one meeting of the Nomination Committee was held and the attendance record of the Nomination Committee members is set out in the table below:

Directors	Attended/ Eligible to attend
Mr. Hu Yiping (Chairman)	1/1
Mr. Ding Jiangang	1/1
Mr. Chen Hengliu	1/1

In the meeting, the Nomination Committee reviewed and discussed the policy, procedure and criteria for nomination of the Directors, reviewed and discussed the Board Diversity Policy and discussed all measurable objectives set for implementing the policy and the progress made towards meeting the measurable objective in the policy, assessed the independence of independent non-executive Directors, considered the re-appointment of the retiring Directors, reviewed the time commitment required from the non-executive Director and fulfilled duties as required aforesaid.

(2) Nomination Policy

The Board has adopted the following policy with regard to nomination of Directors.

1. Objective

The Policy aims to:

- set out the criteria and process in the nomination and appointment of directors of the Company;
- ensure that the Board the Company has a balance of skills, experience and diversity of perspectives appropriate to the Company; and
- ensure the Board's continuity and appropriate leadership at Board level.

2. Scope

The Policy applies to the directors of the Company and where applicable, senior management prepared for Board positions under the succession planning of the Company.

3. Nomination and Appointment of Directors

3.1 Criteria

In evaluating and selecting any candidate for directorship, the Nomination Committee shall consider the following criteria in evaluating and selecting candidates for directorships:

- Character and integrity.
- Qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under the Board Diversity Policy that are relevant to the business and corporate strategies of the Company.
- Any measurable objectives adopted for achieving diversity on the Board.
- Willingness to devote adequate time to discharge duties as a Board member and other directorships and significant commitments.
- Requirement for the Board to have independent directors in accordance with the Listing Rules and whether the candidates would be considered independent with reference to the independence guidelines set out in the Listing Rules.
- Board Diversity Policy and any measurable objectives adopted by the Nomination Committee for achieving diversity on the Board.
- Such other perspectives that are appropriate to the business of the Company.

3.2 Nomination Procedures

3.2.1 *Appointment of directors*

- (i) The Nomination Committee identifies individual(s) suitably qualified to become Board members, having due regard to the board diversity policy and the nomination policy of the Company, and assesses the independence of the proposed independent non-executive director(s) as appropriate.
- (ii) The Nomination Committee makes recommendation(s) to the Board.
- (iii) The Board considers the individual(s) recommended by the Nomination Committee, having due regard to the board diversity policy and the nomination policy of the Company.
- (iv) The Board confirms the appointment of the individual(s) as director(s) or recommends the individual(s) to stand for election at a general meeting. Individual(s) appointed by the Board to fill a casual vacancy or as an addition to the Board will be subject to re-election by shareholders of the Company at the next annual general meeting after initial appointment in accordance with the articles of association of the Company.
- (v) The chairman of the Nomination Committee shall attend the annual general meeting of the Company to answer the questions raised by the shareholders on the nomination of directors and other matters in relation to the Policy.
- (vi) The Shareholders approve the election of individual(s), who stand(s) for election at general meeting, as director(s).

Corporate Governance Report

3.2.2 Re-appointment of directors

- (i) The Nomination Committee shall review the overall contribution and service to the Company of the retiring director including his attendance of Board meetings and, where applicable, general meetings, and the level of participation and performance of the Board.
- (ii) The Nomination Committee shall also review and determine whether the retiring director continues to meet the criteria as set out in 3.1.
- (iii) The Board considers each retiring director recommended by the Nomination Committee, having due regard to the board diversity policy and the nomination policy of the Company.
- (iv) The Board recommends the retiring directors to stand for re-election at the annual general meeting in accordance with the Articles.
- (v) The shareholders approve the re-election of directors at the annual general meeting.

4. Review and Monitoring of the Policy

The Nomination Committee shall review the structure, size, composition (including skills, knowledge and experience) of the Board on a regular basis at least annually and diversity of the Board to ensure that it has a balance of expertise, skills and experience and diversity of perspective appropriate to the requirements for the business of the Company.

The Nomination Committee shall keep under review the leadership needs of the Company, both executive and non-executive, with a view to ensuring the continued ability of the Company to complete effectively in the marketplace.

The Nomination Committee shall keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates.

(3) Remuneration Committee

As at 31 December 2019, the remuneration committee of the Company (the “**Remuneration Committee**”) comprised three members, namely Mr. Fei Zhongmin (an executive Director), Mr. Ding Jiangang (an independent non-executive Director) and Mr. Chen Hengliu (an independent non-executive Director), the majority of whom are independent non-executive Directors. Mr. Ding Jiangang is the chairman of this committee.

The Remuneration Committee has adopted the second model described in paragraph B.1.2(c) under Appendix 14 to the Listing Rules (i.e. make recommendation to the Board on the remuneration packages of individual executive Director and senior management member).

Corporate Governance Report

The principal duties of the Remuneration Committee include the followings:

- To make recommendations to the Board on the Company's policy and structure for the remuneration of all the directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy;
- To review and approve the management's remuneration proposals with reference to the corporate goals and objectives resolved by the Board from time to time;
- To make recommendations to the Board on the remuneration packages of executive directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- To make recommendations to the Board on the remuneration of non-executive directors of the Company;
- To consider factors such as the level of remuneration paid by comparable companies, the time commitment and responsibilities of directors and senior management, and the employment conditions of the Company and its subsidiaries and consolidated affiliated entities;
- To consider the level of remuneration required to attract and retain directors to manage the Company successfully;
- To consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company and its subsidiaries;
- To ensure that no director or any of his/her associates is involved in deciding his or her own remuneration. For the avoidance of doubt, members of the Committee must not be involved in deciding his or her own remuneration;
- To review and approve compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- To review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and
- To advise shareholders of the Company on how to vote in respect of any service contracts of directors that require shareholders' approval in accordance with the Listing Rules, and as to whether the terms are fair and reasonable, and whether such contracts are in the interests of the Company and its shareholders as a whole.

Their written terms of reference are available on the respective website of the Stock Exchange and the Company.

Corporate Governance Report

During the year under review, one meeting of the Remuneration Committee was held and the attendance record of the Remuneration Committee members is set out in the table below:

Directors	Attended/ Eligible to attend
Mr. Ding Jiangang (Chairman)	1/1
Mr. Fei Zhongmin	1/1
Mr. Chen Hengliu	1/1

In the meeting, the Remuneration Committee discussed and reviewed the remuneration policy for Directors and senior management of the Company, assessed performance of executive Directors, made recommendations to the Board on the remuneration packages of individual executive Directors and senior management and fulfilled duties as required aforesaid.

Details of the Directors' emoluments are disclosed in Note 8 to the consolidated financial statement of this annual report. Details of the remuneration by band of the members of the senior management of the Company for the year ended 31 December 2019 are set out below:

Remuneration band	Number of individual(s)
Nil to RMB895,780 (equivalent to nil to HKD1,000,000)	–
RMB895,780 to RMB1,343,670 (equivalent to HKD1,000,000 to HKD1,500,000)	–
RMB1,791,560 to RMB2,239,450 (equivalent to HKD2,000,000 to HKD2,500,000)	2
RMB2,687,340 to RMB3,135,230 (equivalent to HKD3,000,000 to HKD3,500,000)	1
RMB3,135,230 to RMB3,583,120 (equivalent to HKD3,500,000 to HKD4,000,000)	1

(4) Audit Committee

As at 31 December 2019, the audit committee of the Company (the "**Audit Committee**") comprised three members, namely Mr. Hu Shihao (a non-executive Director), Dr. Wong Wing Kuen Albert (an independent non-executive Director) and Mr. Ding Jiangang (an independent non-executive Director), the majority of whom are independent non-executive Directors. Dr. Wong Wing Kuen Albert is the chairman of this committee. The main duties of the Audit Committee include the following:

- To be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;
- To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;
- To develop and implement policies on engaging an external auditor to provide non-audit services. For this purpose, "external auditor" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;

Corporate Governance Report

- To monitor the integrity of the Company's financial statements, annual reports, accounts, half yearly reports and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them.
- To review the Company's financial controls, risk management and internal control systems;
- To discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting function;
- To consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
- Where an internal audit function exists, to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;
- To review the Company's and its subsidiaries' and consolidated affiliated entities' operating, financial and accounting policies and practices;
- To review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response;
- To ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- To report to the Board on the matters in the Terms of Reference;
- To review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters and to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;
- To act as the key representative body for overseeing the Company's relations with the external auditor;
- To develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- To review and monitor the training and continuous professional development of directors and senior management;
- To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- To develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors;

Corporate Governance Report

- To review the Company's compliance with the corporate governance code from time to time adopted and disclosure in the corporate governance report;
- To review continuing connected transactions of the Company and ensure compliance with terms approved by shareholders of the Company; and
- To perform the Company's corporate governance functions with details set out in the paragraph headed "THE BOARD – (13) Corporate Governance Function" above.

During the year under review, three meetings of the Audit Committee were held and the attendance record of the Audit Committee members at these meetings is set out in the table below:

Directors	Attended/ Eligible to attend
Dr. Wong Wing Kuen Albert (Chairman)	3/3
Mr. Hu Shihao	3/3
Mr. Ding Jiangan	2/3

In those meetings, the Audit Committee reviewed the Group's policies on corporate governance and discussed the same with the Board, reviewed the financial reporting system, compliance procedures, internal control and risk management systems (including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions) and associated processes and the reappointment of the external auditor and fulfilled duties as required aforesaid. The Board had not deviated from any recommendation given by the Audit Committee on the selection, appointment, resignation or dismissal of external auditor.

The Audit Committee also reviewed (i) the annual results of the Company and its subsidiaries for the year ended 31 December 2018 as well as the audit's report prepared by the external auditor relating to accounting issues and major findings in course of audit; (ii) the interim results of the Company and its subsidiaries for the six months ended 30 June 2019 as well as the review report prepared by the auditor relating to accounting issues and major findings in course of review; and (iii) the audit scope and audit plan prepared by the auditor relating to the audit for the year ended 31 December 2019.

There are proper arrangements for employees, in confidence, to raise concerns about possible improprieties in financial reporting, internal control and other matters. Their written terms of reference are available on the respective website of the Company and the Stock Exchange.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group for the year ended 31 December 2019 which give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of the Group's consolidated financial performance and consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

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

Corporate Governance Report

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

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

RISK MANAGEMENT AND INTERNAL CONTROL

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

The management of the Group updates and reports the key risk areas, including any remedial plans, if deemed necessary or appropriate, to the Audit Committee for consideration. The identified key risk areas and the appropriate risk mitigation strategies were reviewed and commented by the Board at its meeting annually.

The Board, through the Audit Committee, conducted review of both design and implementation effectiveness of the risk management and internal control systems of the Group for the year ended 31 December 2019, covering all material controls, including financial, operational and compliance controls, with a view to ensuring that resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions are adequate. In this respect, the Audit Committee communicates any material issues to the Board.

During the year ended 31 December 2019, the Group appointed BT Corporate Governance Limited ("**BTCG**") to independently perform internal control review and assess the effectiveness of the Group's risk management and internal control systems.

The results of the independent review and assessment were reported to the Audit Committee and the Board. Moreover, improvements in internal control and risk management measures as recommended by BTCG to enhance the risk management and internal control systems of the Group and mitigate risks of the Group were adopted by the Board. Based on the findings and recommendations of BTCG as well as the comments of the Audit Committee, the Board considered the internal control and risk management systems effective and adequate.

Our Enterprise Risk Management Framework

The Company has established its enterprise risk management framework in 2019. While the Board has the overall responsibility to ensure that sound and effective internal controls are maintained, management is responsible for designing and implementing an internal control system to manage all kinds of risks facing by the Group.

Through the risk identification and assessment processes, risks are identified, assessed, prioritized and allocated treatments. Our risk management framework follows the COSO Enterprise Risk Management – Integrated Framework, which allows the Board and management to manage the risks of the Group effectively. The Board receives regular reports through the Audit Committee that oversees risk management and internal audit functions.

Corporate Governance Report

Our Risk Control Mechanism

The Group adopts a “three lines of defence” corporate governance structure with operational management and controls performed by operations management, coupled with risk management monitoring carried out by the finance and compliance team and independent internal audit outsourced to and conducted by BTCG. The Group maintains a risk register to keep track of all identified major risks of the Group. The risk register provides the Board, the Audit Committee, and management with a profile of its major risks and records management’s action taken to mitigate the relevant risks. Each risk is evaluated at least annually based on its likelihood of occurrence and potential impact upon the Group. The risk register is updated by management as the risk owners with addition of new risks and/or removal of existing risks, if applicable, at least annually, after the annual risk evaluation has been performed. This review process can ensure that the Group proactively manages the risks faced by it in the sense that all risk owners have access to the risk register and are aware of and alert to those risks in their area of responsibility so that they can take follow-up action in an efficient manner.

Our risk management activities are performed by management on an ongoing process. The effectiveness of our risk management framework will be evaluated at least annually, and periodic management meeting is held to update the progress of risk monitoring efforts. Management is committed to ensure that risk management forms part of the daily business operation processes in order to align risk management with corporate goals in an effective manner.

The Company will continue to engage external independent professionals to review the Group’s system of internal controls and risk management annually and further enhance the Group’s internal control and risk management systems as appropriate.

The Company has an internal audit function which primarily carries out the analysis and independent appraisal of the adequacy and effectiveness of the issuer’s risk management and internal control systems, and reports their findings to the Board on, at least, an annual basis. Base on the suggestions made by BTCG, we take remedial measures to the deficiencies and shortcomings of our internal control system.

HANDLING OF INSIDE INFORMATION

With a view to identifying, handling and disseminating inside information in compliance with the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), procedures including notification of regular blackout period and securities dealing restrictions to relevant Directors and employees, identification of project by code name and dissemination of information to stated purpose and on a need-to-know basis have been implemented by the Group to guard against possible mishandling and/or unauthorised use of inside information within the Group.

AUDITOR’S REMUNERATION

For the year ended 31 December 2019, an analysis of the fee paid/payable to the external auditor of the Company in respect of audit services and non-audit services is set out as follows:

Service Category	Fees Paid/Payable RMB’000
Audit services	5,050
Non-audit services	
– Senior notes issuance related fee	1,300
– Others	200
Total	6,550

Corporate Governance Report

COMPANY SECRETARY AND PRIMARY CONTACT OF THE COMPANY

The Company engaged Ms. Chau Hing Ling, the director of Corporate Services of Vistra Corporate Services (HK) Limited (a company secretarial service provider), as the company secretary of the Company. Her primary contact at the Company is Ms. Feng Xia, executive director of the Company.

In compliance with Rule 3.29 of the Listing Rules, Ms. Chau Hing Ling undertook not less than 15 hours of relevant professional training to update their skills and knowledge during the year ended 31 December 2019.

GENERAL MEETING

During the year ended 31 December 2019, two general meetings, being the 2019 annual general meeting of the Company (“2019 AGM”) and an extraordinary general meeting were held on 3 June 2019 and 30 September 2019 respectively.

Name of the Directors	Directors’ Attendance
Executive Directors	
Mr. Hu Yiping	2/2
Mr. Fei Zhongmin	1/2
Ms. Feng Xia	0/2
Non-executive Director	
Mr. Hu Shihao	0/2
Independent Non-executive Directors	
Dr. Wong Wing Kuen Albert	1/2
Mr. Ding Jiangang	1/2
Mr. Chen Hengliu	1/2

The Board is responsible for maintaining an on-going dialogue with shareholders and in particular, uses annual general meetings or other general meetings to communicate with them and encourage their participation. The chairman of the Board, the Chief Executive, and the chairmen of Board Committees, the Remuneration Committee and the Nomination Committee attended the 2019 AGM to answer questions and collect views of shareholders.

Corporate Governance Report

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

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

The annual general meeting provides opportunity for shareholders to communicate directly with the Directors. The chairman of the Board, the chairmen of the Board Committees will attend the annual general meeting to answer shareholders' questions. The external auditor of the Company will also attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report and auditor independence.

To promote effective communication, the Company adopts a shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and its shareholders and maintains a website at <http://www.dothinkgroup.com>, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access. Shareholders and investors may at any time contact the Company's Investor Relations Department at 852-31509914 or email to ir@dexingroup.com. The Board will review the shareholders' communication policy regularly to ensure its effectiveness.

SHAREHOLDERS' RIGHTS

To safeguard shareholders' interests and rights, a separate resolution will be proposed by the chairman of that meeting for each substantially separate issue at shareholder meetings, including nomination and election of individual directors.

All resolutions put forward at shareholder meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each shareholder meeting in accordance with the Listing Rules.

(1) Procedures for Shareholders to convene an extraordinary general meeting

In accordance with Article 64 of the Articles, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Corporate Governance Report

(2) Procedures for putting forward proposals at general meeting

There are no provisions allowing shareholders to propose new resolutions at the general meetings under the Companies Law of the Cayman Islands. However, shareholders who wish to propose resolutions may follow Article 64 of the Articles for requisitioning an extraordinary general meeting and including a resolution at such meeting. The requirements and procedures of Article 64 of the Articles are set out above.

As regards proposing a person for election as a Director, the procedures are available on the website of the Company.

(3) Enquiries to the Board

Shareholders and investors may send written enquiries or requests to the Company as follows:

Address: Room 4510, 45/F., The Center, 99 Queen's Road Central, Central, Hong Kong

Attention: Investor Relations Department

Tel: 852-31509914

Fax: 852-31509900

Email: ir@dexingroup.com

Enquiries will be dealt with in a timely and informative manner.

CHANGE IN CONSTITUTIONAL DOCUMENTS

The Articles has been amended and restated with effect from the Listing Date, and are available on the respective website of the Stock Exchange and the Company. Save as disclosed above, there was no change to the Articles during the year ended 31 December 2019.

Independent Auditor's Report



羅兵咸永道

To the Shareholders of Dexin China Holdings Company Limited

(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of Dexin China Holdings Company Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 82 to 173, which comprise:

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

Our opinion

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

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Independent Auditor's Report

Basis for Opinion

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

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

Independence

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

Key Audit Matters

Key audit matters are those matters that, in our professional 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 matter identified in our audit is summarised as follows:

- Classification of investments in subsidiaries, joint ventures and associates

Independent Auditor's Report

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Classification of investments in subsidiaries, joint ventures and associates</p> <p>Refer to Note 4(c), Note 19 and Note 39 to the consolidated financial statements.</p> <p>The Group co-operated with other parties to invest in a large number of property development projects, which were classified as subsidiaries, joint ventures or associates.</p> <p>We focus on the classification of investments in subsidiaries, joint ventures or associates as it is determined based on whether the Group has control, joint control or significant influence over the investees. The assessment involves significant judgements through the analysis of various factors, including constitution of decision making authorities of an investee, such as shareholders' meetings and board of directors' meetings, decision making process, the Group's representation on the decision making authorities of an investee, as well as other facts and circumstances.</p>	<p>In assessing the classification of new investments or changes to existing investments during the year, we have performed the following procedures:</p> <ol style="list-style-type: none"> 1. We obtained and examined the legal documents in relation to the investments ("Investment Documents"), including the cooperation agreements with other co-developers and articles of associations of the investees, with particular focuses on, including but not limited to the terms and conditions in relation to the rights of investors, cooperation arrangements, termination provisions, management structures and profit-sharing arrangements, and assessed management's judgement by analysing these key terms against accounting standards. Where there have been subsequent changes to the co-developers' agreements, articles of association and management structures, we critically assessed management's re-assessment on whether those changes would affect the initial classification. 2. We examined the documents related to decision making of property development, including minutes of shareholders' meetings and board of directors' meetings of the investees, and evaluated the detailed project management and approval processes on a sample basis, including the authorities in determination and approval of project budgets, financing plan, selection of main constructors and vendors of the projects and the determination of sales and marketing plan. <p>Based on the procedures performed, we found that management's judgements applied in determining the classification of the Group's investments in subsidiaries, joint ventures and associates were supported by available evidence.</p>

Independent Auditor's Report

Other Information

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of 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 HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Independent Auditor's Report

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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.

Independent Auditor's Report

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 this independent auditor's report is Au Chi Ho.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 19 March 2020

Consolidated Income Statement

	Note	Year ended 31 December	
		2019 RMB'000	2018 RMB'000
Revenue	6	9,512,995	8,212,074
Cost of sales	7	(6,453,672)	(5,088,712)
Gross profit		3,059,323	3,123,362
Other income	9	81,583	37,265
Other gains – net	10	88,992	56,744
Selling and marketing expenses	7	(457,555)	(294,318)
Administrative expenses	7	(720,650)	(451,914)
Fair value gains on investment properties	15	186,153	191,717
Operating profit		2,237,846	2,662,856
Finance income	11	95,382	95,590
Finance costs	11	(527,320)	(470,862)
Finance costs – net		(431,938)	(375,272)
Share of results of joint ventures and associates	19	1,175,306	579,065
Profit before income tax		2,981,214	2,866,649
Income tax expenses	12	(724,587)	(1,025,602)
Profit for the year		2,256,627	1,841,047
Profit attributable to:			
Owners of the Company		1,556,514	1,453,456
Non-controlling interests		700,113	387,591
		2,256,627	1,841,047
Earnings per share attributable to owners of the Company (expressed in RMB per share)			
– Basic and diluted	29	0.60	0.71

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

Consolidated Statement of Comprehensive Income

	Year ended 31 December	
	2019 RMB'000	2018 RMB'000
Profit for the year	2,256,627	1,841,047
Other comprehensive income	-	-
Total comprehensive income for the year	2,256,627	1,841,047
Attributable to:		
Owners of the Company	1,556,514	1,453,456
Non-controlling interests	700,113	387,591
	2,256,627	1,841,047

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

Consolidated Balance Sheet

	Note	As at 31 December	
		2019 RMB'000	2018 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	378,821	153,149
Land use rights		–	114,835
Investment properties	15	2,924,115	1,768,420
Intangible assets		1,445	1,148
Investments accounted for using the equity method	19	3,792,338	2,008,869
Amounts due from related parties	38	–	41,000
Financial assets at fair value through profit or loss	21	170,726	232,255
Deferred income tax assets	17	748,400	509,915
Trade and other receivables and prepayments	23	75,179	–
		8,091,024	4,829,591
Current assets			
Properties under development	22	36,657,831	27,684,622
Completed properties held for sale	22	591,370	345,610
Trade and other receivables and prepayments	23	3,512,629	2,702,515
Amounts due from non-controlling interests	33	4,951,599	3,135,801
Amounts due from related parties	38	2,918,668	2,737,822
Contract acquisition costs	6	13,705	14,552
Prepaid income taxes		879,318	538,328
Financial assets at fair value through profit or loss	21	100,743	132,400
Restricted cash	24	5,797	1,295
Cash and cash equivalents	25	9,564,316	7,486,911
		59,195,976	44,779,856
Total assets		67,287,000	49,609,447
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital	26	9,200	6,848
Reserves	27, 28	5,004,285	2,466,618
		5,013,485	2,473,466
Non-controlling interests		5,721,243	4,395,171
Total equity		10,734,728	6,868,637

Consolidated Balance Sheet

	Note	As at 31 December	
		2019 RMB'000	2018 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings from bank and other financial institutions	30	9,307,915	4,423,858
Trade and other payables	31	247,498	–
Amounts due to non-controlling interests	33	228,598	–
Amounts due to related parties	38	500,000	–
Deferred income tax liabilities	17	210,650	277,487
Lease liabilities	16	156,063	–
		10,650,724	4,701,345
Current liabilities			
Borrowings from bank and other financial institutions	30	5,540,160	5,354,742
Trade and other payables	31	4,323,513	2,668,280
Amounts due to non-controlling interests	33	3,681,099	4,098,180
Amounts due to related parties	38	3,485,010	4,027,577
Contract liabilities	6	27,628,013	20,921,303
Current income tax liabilities		1,242,359	969,383
Lease liabilities	16	1,394	–
		45,901,548	38,039,465
Total liabilities		56,552,272	42,740,810
Total equity and liabilities		67,287,000	49,609,447

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

The consolidated financial statements on pages 82 to 173 were approved by the Board of Directors on 19 March 2020 and were signed on its behalf.

Hu Yiping
Director

Feng Xia
Director

Consolidated Statement of Changes in Equity

	Attributable to the owners of the Company					Non-controlling interests RMB'000	Total equity RMB'000
	Share capital	Other reserves	Statutory reserves	Retained earnings	Total		
	RMB'000 (Note 26)	RMB'000 (Note 27)	RMB'000 (Note 28)	RMB'000	RMB'000		
Balance at 1 January 2019	6,848	598,540	372,605	1,495,473	2,473,466	4,395,171	6,868,637
Comprehensive income							
– Profit for the year	–	–	–	1,556,514	1,556,514	700,113	2,256,627
Total comprehensive income	–	–	–	1,556,514	1,556,514	700,113	2,256,627
Transactions with owners in their capacity as owners							
Issue of shares in connection with the Company's listing	2,017	1,426,936	–	–	1,428,953	–	1,428,953
Share issuance costs	–	(46,481)	–	–	(46,481)	–	(46,481)
Issue of shares in connection with the capitalisation issue	335	(335)	–	–	–	–	–
Capital injections from non-controlling interests	–	–	–	–	–	1,230,916	1,230,916
Capital reductions	–	–	–	–	–	(97,885)	(97,885)
Acquisition of additional interests in subsidiaries (Note 37)	–	(152,526)	–	–	(152,526)	(206,427)	(358,953)
Acquisition of subsidiaries which do not contain a business	–	–	–	–	–	17,796	17,796
Distributions to non-controlling interests	–	–	–	–	–	(565,037)	(565,037)
Disposal of interests in subsidiaries without change of control	–	23,693	–	–	23,693	246,596	270,289
Interim dividends for 2019 (Note 13)	–	(270,134)	–	–	(270,134)	–	(270,134)
Total transactions with owners in their capacity as owners	2,352	981,153	–	–	983,505	625,959	1,609,464
Transfer to statutory reserves	–	–	369,523	(369,523)	–	–	–
Balance at 31 December 2019	9,200	1,579,693	742,128	2,682,464	5,013,485	5,721,243	10,734,728

Consolidated Statement of Changes in Equity

	Attributable to the owners of the Company					Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000 (Note 26)	Other reserves RMB'000 (Note 27)	Statutory reserves RMB'000 (Note 28)	Retained earnings RMB'000	Total RMB'000		
Balance at 1 January 2018	–	800,177	91,152	623,470	1,514,799	668,950	2,183,749
Comprehensive income							
– Profit for the year	–	–	–	1,453,456	1,453,456	387,591	1,841,047
Total comprehensive income	–	–	–	1,453,456	1,453,456	387,591	1,841,047
Transactions with owners in their capacity as owners							
Issue of new shares upon incorporation of the Company	322	–	–	–	322	–	322
Issue of new shares by the Company and the effect of the group reorganisation	6,526	(6,526)	–	–	–	–	–
Capital injections from non-controlling interests	–	–	–	–	–	3,418,065	3,418,065
Acquisition of additional interests in subsidiaries (Note 37)	–	(89,034)	–	–	(89,034)	(19,913)	(108,947)
Capital injection by a third party investor	–	67,662	–	–	67,662	–	67,662
Disposal of subsidiaries	–	–	–	–	–	(4,550)	(4,550)
Distribution to non-controlling interests	–	–	–	–	–	(106,500)	(106,500)
Disposal of interests in subsidiaries without change of control	–	(2,118)	–	–	(2,118)	51,528	49,410
Dividends declared to the then shareholders of the Group (Note 13)	–	–	–	(300,000)	(300,000)	–	(300,000)
Deemed distributions to the then shareholders of the Group	–	(171,621)	–	–	(171,621)	–	(171,621)
Total transactions with owners in their capacity as owners	6,848	(201,637)	–	(300,000)	(494,789)	3,338,630	2,843,841
Transfer to statutory reserves	–	–	281,453	(281,453)	–	–	–
Balance at 31 December 2018	6,848	598,540	372,605	1,495,473	2,473,466	4,395,171	6,868,637

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

Consolidated Statement of Cash Flows

	Note	Year ended 31 December	
		2019 RMB'000	2018 RMB'000
Cash flows from operating activities			
Cash generated from/(used in) operations	32(a)	2,004,178	(1,267,460)
Income tax paid		(1,067,883)	(713,971)
Interest paid		(1,201,223)	(1,104,444)
Interest received		95,791	133,847
Net cash used in operating activities		(169,137)	(2,952,028)
Cash flows from investing activities			
Payments for purchase of property, plant and equipment		(111,192)	(54,388)
Payments for purchase of investment properties		(695,282)	(219,975)
Investments in joint ventures		(587,308)	(233,325)
Investments in associates		(1,084,345)	(488,003)
Purchase of financial assets at fair value through profit or loss		(543,813)	(361,605)
Proceeds from disposal of financial assets at fair value through profit or loss		671,342	352,186
Advances to non-controlling shareholders		(2,865,170)	–
Repayment of advances from non-controlling shareholders		1,049,372	–
Advances to third parties		(313,970)	(235,476)
Repayment of advances from third parties		34,781	465,613
Advances to joint ventures and associates		(2,727,347)	(1,292,231)
Collection of advances from joint ventures and associates		2,212,378	1,678,173
Payments for acquisition of subsidiaries which do not contain a business		(922,625)	–
Advances to other related parties		(6,088)	–
Collection of advances from other related parties		381,211	2,827,586
Dividends received from joint ventures and associates		1,349,647	66,095
Others-net		21,941	(47,348)
Net cash generated (used in)/from investing activities		(4,136,468)	2,457,302

Consolidated Statement of Cash Flows

	<i>Note</i>	Year ended 31 December	
		2019 RMB'000	2018 RMB'000
Cash flows from financing activities			
Proceeds from the Company's listing		1,428,953	–
Payments for listing expenses		(40,464)	(6,017)
Proceeds from borrowings from bank and other financial Institutions		12,193,035	9,662,665
Repayments of borrowings from bank and other financial Institutions		(7,217,680)	(8,940,473)
Repayments of loans to third parties		(56,001)	(206,216)
Advances from third parties		437,498	68,100
Advances from joint ventures and associates		1,478,597	2,065,087
Repayment of advances to joint ventures and associates		(1,579,060)	(1,261,295)
Advances from other related parties		60,654	108,487
Repayment of advances to other related parties		(2,758)	(281,522)
Capital injection from non-controlling interests		1,230,916	3,418,065
Capital returned to non-controlling interests		(97,885)	–
Distribution to non-controlling interests		(565,037)	(106,500)
Payments for acquisition of non-controlling interests		(358,953)	(108,947)
Advances from non-controlling interests		3,707,184	7,165,764
Repayment of advances to non-controlling interests		(4,205,295)	(7,354,567)
Principal elements of lease payments		(30,334)	–
Payments for dividends of the Company		(270,134)	–
Distributions and dividends paid to the then shareholder of the Group		–	(471,621)
Proceeds from disposal of interests in subsidiaries without loss of control		270,289	49,410
Capital injection by a third party investor		–	67,662
Restricted cash for borrowings		(4,502)	162,701
Net cash generated from financing activities		6,379,023	4,030,783
Net increase in cash and cash equivalents			
Cash and cash equivalents at beginning of the year		7,486,911	3,950,854
Exchange gains on cash and cash equivalents		3,987	–
Cash and cash equivalents at end of the year	25	9,564,316	7,486,911

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

1. General information

Dexin China Holdings Company Limited (the “Company”) was incorporated in the Cayman Islands on 16 January 2018 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company is an investment holding company. The Company and its subsidiaries (the “Group”) are principally engaged in the property development and construction services, property investment and hotel operations in the People’s Republic of China (the “PRC”).

The Company’s shares were listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 26 February 2019.

These consolidated financial statements are presented in Renminbi (“RMB”), unless otherwise stated.

These consolidated financial statements have been approved for issued by the Board on 19 March 2020.

2. Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of the Company and its subsidiaries.

2.1 Basis of preparation

(i) Compliance with HKFRSs and HKCO

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

(ii) Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss and investment properties, which are carried at fair value.

(iii) New standards, amendments and interpretations not yet adopted

(a) New and amended standards and interpretations adopted by the Group

The Group has applied the following new standards, amendments to standards and interpretations for the first time for their annual reporting period commencing 1 January 2019.

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

The impact of the adoption of HKFRS 16 and its new accounting policies are disclosed in note 2.2 below. The other standards, amendments to standards and interpretations adopted by the Group did not have any impact on the Group’s accounting policies and did not require retrospective adjustments.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

2. Summary of significant accounting policies (continued)**2.1 Basis of preparation (continued)****(iii) New standards, amendments and interpretations not yet adopted (continued)**

- (b) New Standards, amendments to standards and interpretations not yet adopted by the Group

Certain new standards, amendments to standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
HKAS 1 and HKAS 8 (Amendment)	Definition of material	1 January 2020
HKAS 39, HKFRS 7 and HKFRS 9	Hedge accounting (amendments)	1 January 2020
HKFRS 3 (Amendment)	Definition of a business	1 January 2020
Conceptual Framework (Revised)	Revised Conceptual Framework for Financial Reporting	1 January 2020
HKFRS 17	Insurance Contracts	1 January 2021
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associates or joint venture	To be determined

The above new standards, amendments to existing standards and interpretations are effective for annual periods beginning on or after 1 January 2020 and have not been applied in preparing these consolidated financial information. The impact of new standards and amendments to standards and interpretations above is still under assessment by the Group.

2.2 Changes in accounting policies**(a) The adoption of HKFRS 16 Lease**

As indicated in note 2.1 above, the Group has adopted HKFRS 16 Leases retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019. The new accounting policies are disclosed in note 2.32.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 8.52%.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies (continued)

(a) The adoption of HKFRS 16 Lease (continued)

(i) Practical expedients applied

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

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

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

(ii) Measurement of lease liabilities

	RMB'000
Operating lease commitments disclosed as at 31 December 2018	32,339
Discounted using the lessee's incremental borrowing rate of the date of initial application	29,781
Less: short-term leases and low-value leases recognised on a straight-line basis as expense	(22,946)
Lease liability recognised as at 1 January 2019	6,835
Of which are:	
Current lease liabilities	2,961
Non-current lease liabilities	3,874
	6,835

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

2. Summary of significant accounting policies (continued)**2.2 Changes in accounting policies (continued)****(a) The adoption of HKFRS 16 Lease (continued)****(iii) Measurement of right-of-use assets**

All right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018.

The land use rights are reclassified to right-of-use assets as at 31 December 2019 and 1 January 2019, respectively.

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

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- right-of-use assets – increase by approximately RMB121,670,000
- lease liabilities – increase by approximately RMB6,835,000
- land use rights – decrease by approximately RMB114,835,000

(v) Lessor accounting

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

(b) Change of presentation of certain financial statement line items

The Group has changed the presentation of certain financial statement line items in the consolidated balance sheet as at 31 December 2019 by disaggregating certain financial assets and financial liabilities with different parties, which provides more relevant information to the understanding of the users to the Group's financial position. Accordingly, the comparative amounts, including as at the beginning of the preceding period, have been reclassified and re-presented as below.

	31 December 2018		31 December
	Originally presented	Reclassification	2018 Re-presented
Consolidated balance sheet (extract)	RMB'000	RMB'000	RMB'000
Current assets			
Trade and other receivables and prepayments	5,838,316	(3,135,801)	2,702,515
Amounts due from non-controlling interests	–	3,135,801	3,135,801
Non-current liabilities			
Borrowings	4,423,858	(4,423,858)	–
Borrowings from bank and other financial institutions	–	4,423,858	4,423,858
Current liabilities			
Trade and other payables	5,173,525	(2,505,245)	2,668,280
Amounts due to non-controlling interests	–	4,098,180	4,098,180
Amounts due to related parties	3,268,072	759,505	4,027,577
Borrowings	7,707,182	(7,707,182)	–
Borrowings from bank and other financial institutions	–	5,354,742	5,354,742

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies (continued)

(b) Change of presentation of certain financial statement line items (continued)

Consolidated balance sheet (extract)	1 January 2018		1 January 2018
	Originally presented	Reclassification	Re-presented
	RMB'000	RMB'000	RMB'000
Current assets			
Trade and other receivables and prepayments	4,044,727	(1,578,376)	2,466,351
Amounts due from non-controlling interests	–	1,578,376	1,578,376
Non-current liabilities			
Borrowings	5,882,601	(5,882,601)	–
Borrowings from bank and other financial institutions	–	5,882,601	5,882,601
Current liabilities			
Trade and other payables	4,293,782	(2,138,641)	2,155,141
Amounts due to non-controlling interests	–	2,729,558	2,729,558
Amounts due to related parties	2,908,471	488,349	3,396,820
Borrowings	4,253,073	(4,253,073)	–
Borrowings from bank and other financial institutions	–	3,173,807	3,173,807

2.3 Subsidiaries

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

(a) Business combinations

Business combinations under common control

The consolidated financial statements incorporates the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been consolidated from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated income statements and the consolidated statements of comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control consolidation.

A uniform set of accounting policies is adopted by those entities. All intra-group transactions, balances and unrealised gains on transactions between combining entities or business are eliminated on consolidation.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

2. Summary of significant accounting policies (continued)

2.3 Subsidiaries (continued)

(a) Business combinations (continued)

Business combinations not under common control

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interest and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

2. Summary of significant accounting policies (continued)

2.3 Subsidiaries (continued)

(c) Disposal of subsidiaries

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

(d) Structure entities

For structured entities, the Group assesses whether they should be consolidated based on the contractual terms as to whether the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Third-party beneficiaries' interests in the consolidated structured entities with a limited life or puttable instruments issued and are classified as liabilities in the Group's consolidated balance sheets, and net profits or losses attributable to third-party beneficiaries are recorded in consolidated profit or loss as "finance costs".

(e) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment and is being either the cash consideration amount or the amount of net asset value of the subsidiaries for share-settled transaction under reorganisation and business combination under common control. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

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

2.4 Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method of accounting, the investments are initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment. The Group's investment in associates includes goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

2. Summary of significant accounting policies (continued)

2.4 Associates (continued)

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "share of results of an associate" in profit or loss.

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

Gain or losses on dilution of equity interest in associates are recognised in profit or loss.

2.5 Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures. The classification depend on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's investments in joint ventures include goodwill identified on acquisition. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount adjacent to "share of results of a joint venture" in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

2. Summary of significant accounting policies (continued)

2.5 Joint arrangements (continued)

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

2.6 Segment reporting

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

2.7 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

(c) Group companies

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

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

2. Summary of significant accounting policies (continued)

2.8 Property, plant and equipment

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

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

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

Buildings and leasehold improvements	20 years
Office equipment	3-5 years
Motor vehicles	4 years

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

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other gains-net" in profit or loss.

Construction in progress represents the direct costs of construction incurred of property, plant and equipment less any impairment losses. No provision for depreciation is made on construction in progress until such time the relevant assets are completed and ready for use. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

The carrying amount of an asset under construction is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2.9 Intangible assets

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (2 to 5 years). Costs associated with maintaining computer software programs are recognised as an expenses as incurred.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

2. Summary of significant accounting policies (continued)

2.10 Investment properties

Investment properties, such as right-of-use assets, are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group. They also include properties that are being constructed or developed for future use as investment properties. Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases. Investment properties are initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are presented in profit or loss as part of a valuation gain or loss.

2.11 Impairment of non-financial assets

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

2.12 Properties under development

Properties under development are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses and the anticipated costs to completion, or by management estimates based on prevailing marketing conditions.

Development cost of property mainly comprises cost of land use rights, construction costs, borrowing costs capitalised for qualifying assets and professional fees incurred during the development period. On completion, the properties are transferred to completed properties held for sale.

Properties under development are classified as current assets when the construction of the relevant properties commences unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle. The normal operating cycle is usually between 2 and 3 years.

Costs to fulfil a contract comprise the development cost and land use right cost directly related to an existing contract that will be used to satisfy performance obligations in the future. The costs to fulfil a contract are recorded in properties under development if they are expected to be recovered. The amount is amortised on a systematic basis, consistent with the pattern of revenue recognition of the contract to which the asset relates.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

2. Summary of significant accounting policies (continued)

2.13 Completed properties held for sale

Completed properties remaining unsold at reporting period end are stated at the lower of cost and net realisable value.

Cost comprises development costs attributable to the unsold properties.

Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on prevailing marketing conditions.

2.14 Financial assets

2.14.1 Classification

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

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

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

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

2.14.2 Recognition and measurement

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

2. Summary of significant accounting policies (continued)

2.14 Financial assets (continued)

2.14.2 Recognition and measurement (continued)

Debt instruments

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

- Amortised cost: assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the consolidated statements of comprehensive income when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- Fair value through profit or loss: assets that do not meet the criteria for amortised cost or financial assets at fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the consolidated statements of comprehensive income within 'other gains – net' in the period in which it arises. Interest income from these financial assets is included in the 'finance income'.

Equity instruments

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

Changes in the fair value of financial assets at fair value through profit or loss are recognised in 'other gains – net' in the consolidated income statements as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at financial assets at fair value through other comprehensive income are not reported separately from other changes in fair value.

2.15 Offsetting financial instruments

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

2. Summary of significant accounting policies (continued)

2.16 Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and debt investment at fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3.1.2 details how the Group determines whether there has been a significant increase in credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial assets.

For contract assets and all trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of the contract assets and trade receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Impairment on other receivables are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

2.17 Land use rights

As at 31 December 2018, all land in the PRC is state-owned or collectively-owned and no individual ownership right exists. Land use rights are acquired by the Group for development of properties. Land use rights held for development for sale are inventories and measured at lower of cost and net realisable value, of which those within normal operating cycle are classified as current assets and included in properties under development or completed properties held for sale, while those out of the normal operating cycle are classified as non-current assets. Land use rights to be developed for hotel properties and self-use buildings, are non-current assets, which are stated at cost and subsequently amortised to the profit or loss on a straight-line basis.

2.18 Trade and other receivables

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

2. Summary of significant accounting policies (continued)

2.19 Contract assets and liabilities and costs for obtaining contracts

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or services to the customer. The combination of those rights and performance obligations gives rise to a net asset or a net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the measure of the remaining conditional rights to consideration exceeds the satisfied performance obligations. Conversely, the contract is a liability and recognised as contract liabilities if the measure of the remaining performance obligations exceeds the measure of the remaining rights.

The Group recognises the incremental costs of obtaining a contract with a customer within contract assets if the Group expects to recover these costs.

2.20 Cash and cash equivalents and restricted cash

For the purpose of presentation in the consolidated statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term, highly liquid investments with original maturities of three months or less. Bank deposits which are restricted to use are included in “restricted cash” of the consolidated balance sheets. Restricted cash is excluded from cash and cash equivalents.

2.21 Share capital

Ordinary shares are classified as equity.

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

2.22 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.23 Borrowings and borrowing costs

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

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

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

2. Summary of significant accounting policies (continued)

2.23 Borrowings and borrowing costs (continued)

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

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, like properties under development, assets under construction and investment properties under construction, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

2.24 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

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

(b) Deferred income tax

Inside basis differences

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

2. Summary of significant accounting policies (continued)

2.24 Current and deferred income tax (continued)

(b) Deferred income tax (continued)

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the joint venture's or associate's undistributed profits is not recognised.

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

(c) Offsetting

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

2.25 Employee benefits

(a) Pension obligations

The group companies incorporated in the PRC contribute based on certain percentage of the salaries of the employees to a defined contribution retirement benefit plan organised by relevant government authorities in the PRC on a monthly basis. The government authorities undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans and the Group has no further obligation for post-retirement benefits beyond the contributions made.

Contributions to these defined contributions plans are expensed as incurred.

(b) Housing benefits, medical insurances and other social insurances

PRC employees of the Group are entitled to participate in various government-supervised housing funds, medical insurance and other social insurance plan. The Group contributes to these funds based on certain percentages of the salaries of these employees on a monthly basis. The Group's liability in respect of these funds is limited to the contribution payable in each period. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

2. Summary of significant accounting policies (continued)

2.25 Employee benefits (continued)

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(d) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

2.26 Provisions

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

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

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

2.27 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sales of properties in the PRC and services in the ordinary course of the Group's activities. Revenue is shown, net of discounts and after eliminating sales with the Group companies. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

2. Summary of significant accounting policies (continued)

2.27 Revenue recognition (continued)

(i) Sales of properties and construction services

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

- provides all of the benefits received and consumed simultaneously by the purchaser; or
- creates and enhances an asset that the purchaser controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

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

For property development and sales contract for which the control of the property is transferred at a point in time, revenue is recognised when the purchaser obtains the physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable.

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

For construction services, the Group's performance creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced, thus the Group satisfies a performance obligation and recognises revenue over time. Revenue in respect of the construction services is recognised over time on a cost-to-cost method. It is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year/period in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. The directors consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under HKFRS15. The Group becomes entitled to invoice customers based on achieving a series of performance-related milestones. The Group recognises a contract asset for any work performed, and the amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognised to date under the cost-to-cost method then the Group recognises a contract liability for the difference. There is no significant financing component in construction contracts with customers as the period between the recognition of revenue under the cost-to-cost method and the milestone payment is always less than one year.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

2. Summary of significant accounting policies (continued)

2.27 Revenue recognition (continued)

(ii) Hotel operation

Revenue from hotel operation is recognised in the accounting period in which the related services are rendered.

(iii) Rental income

Rental income from properties leasing under operating leases is recognised on a straight-line basis over the lease terms.

2.28 Management and consulting services income

Income from rendering of management and consulting services is recognised in the accounting period in which the related services are rendered.

2.29 Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

2.30 Dividend income

Dividends are recognised as revenue when the right to receive payment is established.

2.31 Financial guarantee contracts

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

- the amount determined in accordance with the expected credit loss model under HKFRS 9 Financial Instruments and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 Revenue from Contracts with Customers.

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

2. Summary of significant accounting policies (continued)

2.32 Leases

As explained in note 2.2 above, the Group has changed its accounting policy for leases where the Group is the lessee. The new policy is described below and the impact of the change in note 2.2.

Until 31 December 2018, leases in which a significant portion of the risks and rewards of ownership were not transferred to the Group as lessee were classified as operating leases (note 16). Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

2. Summary of significant accounting policies (continued)

2.32 Leases (continued)

To determine the incremental borrowing rate, the Group:

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

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

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

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

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

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

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

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term (Note 16). Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

2. Summary of significant accounting policies (continued)

2.33 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

3. Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: interest rate risk, credit risk, and liquidity risk. The Group's principal activities are conducted in RMB. The directors are of the opinion that the Group's activities do not expose it to any significant foreign exchange risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

3.1.1 Interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group closely monitors trend of interest rate and its impact on the Group's interest rate risk exposure. The Group currently has not used any interest rate swap arrangements but will consider hedging interest rate risk should the need arise.

As at 31 December 2019, bank and other borrowings of the Group which were bearing at floating rates amounted to approximately RMB5,921,080,000 (2018: RMB4,777,020,000). If interest rates on borrowings at floating rates had been 50 basis points higher or lower with all other variables held constant and without taking into account interest capitalisation, interest charges for the year ended 31 December 2019 would have been RMB29,605,400 higher/lower (2018: RMB23,885,000 higher/lower).

3.1.2 Credit risk

The Group has no concentrations on credit risk. Cash transactions are limited to high credit quality institutions. The Group's maximum exposure to credit risk in relation to financial assets is the carrying amounts of cash and cash equivalents (excluding cash on hand), restricted cash, trade and other receivables, amounts due from related parties and financial assets at fair value through profit or loss shown in the consolidated balance sheet.

As at 31 December 2019 and 2018, in order to manage this risk, the Group's bank deposits are mainly deposited with reputable banks which are all high-credit-quality financial institutions incorporated in the PRC.

For the trade receivables arising from sales of properties, the Group manages the credit risk by fully receiving cash or properly arranging the purchasers' mortgage loans financing procedures before delivery of properties unless strong credit records of the customers could be established. The Group closely monitors the collection of progress payments from customers in accordance with payment schedule agreed with customers. 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

3.1.2 Credit risk (continued)

Meanwhile, the Group has the right to cancel the contracts once repayment from the customers is in default; it also has monitoring procedures to ensure that follow-up actions are taken to recover overdue balances. In addition, the Group regularly reviews the recoverable amount of each individual trade receivables to ensure that adequate impairment provisions are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a number of counterparties and customers.

The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Detailed disclosure of such guarantees is made in Note 34. If a purchaser defaults on the payment of its mortgage loan during the guarantee period, the bank holding the guarantee may demand the Group to repay the outstanding principal of the loan and any interest accrued thereon. Under such circumstances, the Group is able to forfeit the customer's deposit and resell the property to recover any amounts paid by the Group to the bank. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

For other receivables and amounts due from related parties, the Group assessed the credit quality of the counter parties by taking into account their financial position, credit history and other factors. Management also regularly reviews the recoverability of these receivables and follow up the disputes or amounts overdue, if any. The directors are of the opinion that the risk of default by counter parties is low.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

3.1.2 Credit risk (continued)

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

Category	Group definition of category	Basis for recognition of expected credit loss provision
Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime
Underperforming	Receivables for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are more than 1 year past due	Lifetime expected losses
Non-performing	Interest and/or principal repayments are more than 2 years past due	Lifetime expected losses
Write-off	Interest and/or principal repayments are more than 3 years past due and there is no reasonable expectation of recovery	Asset is written off

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data. The loss allowance provision for the Group's financial assets were not material for the year ended 31 December 2019 (2018: same).

(i) Trade receivables and contract assets

The Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables from third parties and related parties and contract assets.

Expected loss rate of current contract assets, trade receivables from related parties and trade receivables from government authorities are assessed to be 0.1%. The loss allowance provision for these balances was not material for the year ended 31 December 2019 (2018: same).

In calculating the expected credit loss rate of the trade receivables, the Group has considered the historical credit loss experience to incorporate relevant, current and more forward-looking information for different class of trade receivables which grouped based on shared credit risk characteristics and the days past due. As there was no significant change of the customer base, historical credit loss rate of customers and forward-looking information for the years ended 31 December 2019 and 2018, the Group adopted the same expected credit loss rate for the years ended 31 December 2019 and 2018. The loss allowance provision as at 31 December 2019 and 2018 is determined as follows.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

3.1.2 Credit risk (continued)

(i) Trade receivables and contract assets (continued)

	Within 1 year	Over 1 year and within 2 years	Over 2 years and within 3 years	Over 3 years	Total
At 31 December 2019					
Trade receivables (RMB'000)	51,979	12,424	41,302	92,960	198,665
Less: receivables from related parties (RMB'000)	(33,089)	–	(430)	(500)	(34,019)
receivables from government authorities (RMB'000)	–	–	(40,872)	(91,472)	(132,344)
Gross carrying amount (RMB'000)	18,890	12,424	–	988	32,302
Expected loss rate	1%	5%	20%	50%-100%	
Loss allowance provision (RMB'000)	188	621	–	988	1,797
At 31 December 2018					
Trade receivables (RMB'000)	39,942	58,366	120,004	1,538	219,850
Less: receivables from related parties (RMB'000)	(6,980)	(13,276)	–	(500)	(20,756)
receivables from government authorities (RMB'000)	(599)	(43,626)	(120,000)	–	(164,225)
Gross carrying amount (RMB'000)	32,363	1,464	4	1,038	34,869
Expected loss rate	1%	5%	20%	50%-100%	
Loss allowance provision (RMB'000)	324	73	1	1,023	1,421

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

3.1.2 Credit risk (continued)

- (i) Trade receivables and contract assets (continued)

The closing loss allowance provision for trade receivables from third parties as at 31 December 2019 reconcile to the opening loss allowance for that provision as follows:

	Trade receivables (excluding receivables from related parties and government authorities) RMB'000
At 1 January 2018	1,851
Reversal of provision for loss allowance recognised in profit or loss, net	(430)
At 31 December 2018	1,421
At 1 January 2019	1,421
Provision for loss allowance recognised in profit or loss, net	376
At 31 December 2019	1,797

For the years ended 31 December 2019 and 2018, the provision for loss allowances were recognised in profit or loss in administrative expense in relation to the impaired trade receivables.

As at 31 December 2019, the gross carrying amount of trade receivables excluding receivables from related parties and government authorities was RMB32,302,000 (2018: RMB34,869,000), and thus maximum exposure to loss was RMB30,505,000 (2018: RMB33,448,000).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

3. Financial risk management (continued)**3.1 Financial risk factors (continued)****3.1.2 Credit risk (continued)**

(ii) Other receivables

Other financial assets at amortised cost include other receivables from third parties, related parties and non-controlling interests.

To measure the expected credit losses of other receivables, other receivables have been grouped based on shared credit risk characteristics and the days past due.

The closing loss allowance provision for other receivables as at 31 December 2019 reconcile to the opening loss allowance for that provision as follows:

	Other receivables
	RMB'000
At 1 January 2018	15,840
Provision for loss allowance recognised in profit or loss, net	5,445
At 31 December 2018	21,285
At 1 January 2019	21,285
Provision for loss allowance recognised in profit or loss, net	30,920
At 31 December 2019	52,205

All of these financial assets are considered to have low credit risk, and thus the impairment provision recognised during the reporting period was limited to 12 months expected losses. Management considered other receivables from third parties to be low credit risk as they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

For the year ended 31 December 2019 and 2018, the provision for loss allowance were recognised in profit or loss in administrative expenses in relation to the impaired other receivables.

For the year ended 31 December 2019, the average expected loss rate on the gross carrying amount of other receivables excluding deposits for acquisitions of land use rights and property development projects was 4% (2018: 1%). Expected loss of deposits for acquisitions of land use rights and property development projects was not material as there was no recent history of default and management considered the credit risk is low.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

3.1.2 Credit risk (continued)

(ii) Other receivables (continued)

As at 31 December 2019, the maximum exposure to loss of other receivables for third parties, related parties and non-controlling interests were as follows:

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Amounts due from related parties	2,918,668	2,778,822
Amounts due from non-controlling interests	4,951,599	3,135,801
Amounts due from third parties (including deposits and others)	979,040	588,599
	8,849,307	6,503,222

3.1.3 Liquidity risk

Management of the Group aims to maintain sufficient cash and cash equivalents or have available funding through proceeds from pre-sale of properties and an adequate amount of available financing including short-term and long-term borrowings and obtaining additional funding from shareholders. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate amount of cash and cash equivalents and through having available sources of financing.

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include reducing land acquisition, adjusting project development timetable to adapt the changing local real estate market environment, implementing cost control measures, promotion of sales of completed properties, accelerating sales with more flexible pricing and seeking joint venture partners to develop projects. The Group will pursue such options basing on its assessment of relevant future costs and benefits. The directors consider that the Group will be able to maintain sufficient financial resources to meet its operation needs.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

3. Financial risk management (continued)**3.1 Financial risk factors (continued)****3.1.3 Liquidity risk (continued)**

The table below sets out the Group's financial liabilities by relevant maturity grouping at each balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2019					
Borrowings from bank and other financial institutions	6,937,829	5,805,193	3,637,597	597,216	16,977,835
Trade and other payables, excluding accrual for staff costs and allowances, and other taxes payable	2,520,765	261,019	–	–	2,781,784
Amounts due to non-controlling interest	3,699,982	233,599	–	–	3,933,581
Amounts due to related parties	3,506,788	507,234	–	–	4,014,022
Lease Liabilities	14,879	14,879	47,317	257,836	334,911
	16,680,243	6,821,924	3,684,914	855,052	28,042,133
As at 31 December 2018					
Borrowings from bank and other financial institutions	6,017,581	3,765,941	763,755	193,487	10,740,764
Trade and other payables, excluding accrual for staff costs and allowances, and other taxes payable	2,211,720	–	–	–	2,211,720
Amounts due to non-controlling interest	4,113,317	–	–	–	4,113,317
Amounts due to related parties	4,027,697	–	–	–	4,027,697
	16,370,315	3,765,941	763,755	193,487	21,093,498

The Group also provides guarantees to secure repayment obligations of certain purchasers of the Group's property units and the principal of borrowings of the joint ventures, associates and third parties, which will have contractual cash flows only if the guaranteed purchasers, joint ventures, associates or third parties default the repayment (Note 34)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

3. Financial risk management (continued)

3.2 Capital management

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

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net borrowings divided by total capital. Net borrowings are calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheets) less total of cash and cash equivalents and restricted cash.

	As at 31 December	
	2019 RMB'000	2018 RMB'000
Borrowings from bank and other financial institutions (<i>Note 30</i>)	14,848,075	9,778,600
Less: Cash and cash equivalents (<i>Note 25</i>)	(9,564,316)	(7,486,911)
Restricted cash (<i>Note 24</i>)	(5,797)	(1,295)
Net borrowings	5,277,962	2,290,394
Total equity	10,734,728	6,868,637
Total capital	16,012,690	9,159,031
Gearing ratio	33%	25%

3.3 Fair value estimation

(a) Financial assets carried at fair value

The Group's financial assets carried at fair value include financial assets at fair value through profit or loss. The different levels of the financial instruments carried at fair value, by valuation method, have been defined as follows:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

3. Financial risk management (continued)**3.3 Fair value estimation (continued)****(a) Financial assets carried at fair value (continued)**

Specific valuation techniques used to value financial instruments include:

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2019 and 2018, by level of the inputs to valuation techniques used to measure fair value.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 31 December 2019				
Financial assets at fair value through profit or loss	–	–	271,469	271,469
At 31 December 2018				
Financial assets at fair value through profit or loss	–	–	364,655	364,655

Significant unobservable inputs	Valuation approach	Range of unobservable inputs	
		31 December 2019	31 December 2018
Expected rate of return	Return approach	2%-6%	2%-6%

Relationship of unobservable inputs to fair value: the higher of expected rate of return, the higher the fair value.

The Group manages the valuation of level 3 instruments for financial reporting purpose on a case by case basis. At least once every reporting year/period, the Group would assess the fair value of the Group's level 3 instruments by using valuation techniques.

The valuation of level 3 instruments mainly included investments in wealth management products issued by banks or other financial institution. As these instruments are not traded in an active market, their fair values have been determined by using applicable valuation techniques, which mainly include discounted cash flows.

If the fair values of the financial assets at fair value through profit or loss held by the Group had been 10% higher/lower, the profit before income tax for the year ended 31 December 2019 would have been approximately RMB27,147,000 higher/lower (2018: RMB36,466,000 higher/lower).

The Group's policy was to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There were no changes in level 3 instruments during the year ended 31 December 2019 (2018: same).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

3. Financial risk management (continued)

3.3 Fair value estimation (continued)

(b) Investment properties

Investment properties of the Group were measured at fair value.

(i) Fair value hierarchy

This note explains the judgements and estimates made in determining the fair values of investment properties that are recognised and measured at fair value in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its non-financial assets into the three levels prescribed under the accounting standards.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers among levels 1, 2 and 3 for recurring fair value measurements during the year ended 31 December 2019 (2018: same).

(ii) Valuation techniques used to determine level 3 fair values

The directors determine a property's value within a range of reasonable fair value estimates. Fair values of the Group's completed investment properties are derived using the income capitalisation approach. This valuation method takes into account the net rental income of a property derived from its existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the fair value at an appropriate capitalisation rate.

Fair values of the Group's investment properties under development are derived on the basis that they will be developed and completed in accordance with the latest development proposals provided to us by the Group. It is assumed that all consents, approvals and licenses from relevant government authorities for the development proposals have been obtained without onerous conditions or delays. In arriving at the fair values, the direct comparison approach is adopted by making reference to comparable sales transactions as available in the market and also taken into account the costs that will be expended to complete the developments to reflect the quality of the completed developments. The "market value as if completed" represents the opinion of the aggregate selling prices of the property assuming that it would be completed as at the valuation date.

All resulting fair value estimates for investment properties are included in level 3.

(iii) Fair value measurements using significant unobservable inputs (level 3)

Detailed disclosures of the changes in level 3 items for the years ended 31 December 2019 and 2018 for recurring fair value measurements are disclosed below.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

3. Financial risk management (continued)**3.3 Fair value estimation (continued)****(b) Investment properties (continued)**

(iv) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements. See (ii) above for the valuation techniques adopted.

Properties status	Fair value at 31 December	
	2019 RMB'000	2018 RMB'000
Completed	1,719,515	994,520
Under development	1,204,600	773,900
	2,924,115	1,768,420

Properties status	Unobservable inputs	Range of unobservable inputs As at 31 December	
		2019	2018
Completed	Term yield	4.0%-6.5%	2.5%-5.5%
	Reversionary yield	4.5%-7.0%	3%-6%
	Monthly rental (RMB/sq.m./month)	21-133	19-144
	Occupancy rate	80%-90%	80%-90%
Under development	Unit rate (RMB/sq.m.)	6,600-20,500	6,600-20,300
	Accommodation value (RMB/sq.m.)	3,600-14,400	3,570

Relationship of unobservable inputs to fair value:

- ¹ The higher rate of term yield and reversionary yield, the lower the fair value;
- ² The higher monthly rental, the higher the fair value;
- ³ The higher the occupancy rate, the higher the fair value;
- ⁴ The higher the unit rate, the higher the fair value;
- ⁵ The higher the accommodation value, the higher the fair value;

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

3. Financial risk management (continued)

3.3 Fair value estimation (continued)

(b) Investment properties (continued)

(v) Valuation processes

The Group's investment properties were valued by an independent professionally qualified valuer, who holds a recognised relevant professional qualification and has recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The Group's finance department has a team to review the valuations performed by the independent valuer for financial reporting purposes. This team reports directly to the executive directors. Discussion of valuation processes and results are held amongst the executive directors, the valuation team and the valuer at least once every six months for the Group's interim and annual reporting process.

At each reporting period end, the finance department:

- Verifies all major inputs to the independent valuation report;
- Assess property valuations movements when compared to the prior period valuation report; and
- Holds discussions with the independent valuer.

4. Critical accounting estimates and judgements

Estimates and judgements used in preparing the consolidated financial statements are evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Income taxes and deferred taxation

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

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

(b) PRC land appreciation taxes

The Group is subject to land appreciation taxes in the PRC. The Group has not finalised its PRC land appreciation taxes calculations and payments with local tax authorities in the PRC. Accordingly, significant judgement is required in determining the amount of the land appreciation and the related land appreciation taxes. The Group recognised the land appreciation taxes based on management's best estimates according to the interpretation of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the taxation and tax provisions in the years in which such taxes have been finalised with local tax authorities.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

4. Critical accounting estimates and judgements (continued)

(c) Classification of subsidiaries, joint ventures and associates

The classification of an investment as a subsidiary, a joint venture or an associate is based on whether the Group is determined to have control, joint control or significant influence over the investee, which involves judgements through the analysis of various factors, including the Group's representation on the chief decision making authorities of an investee, such as board of directors' meetings and shareholders' meetings, as well as other facts and circumstances.

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

Accordingly, any inappropriate classification as a result of recognition or derecognition of the investments could have a material and pervasive impact on the consolidated financial statements.

(d) Fair value of investment properties

Investment properties including those completed investment properties and investment properties under construction, are carried at their fair value. The fair value of the investment properties was determined by reference to valuations conducted on these properties by an independent professional property valuer using property valuation techniques which involve certain assumptions of prevailing market conditions.

5. Segment information

The Executive Directors have been identified as the CODM. Management has determined the operating segments based on the reports reviewed by the Executive Directors, which are used to allocate resources and assess performance. The Group is organised into three business segments: property development and construction, property investment, and other businesses. Other businesses mainly include hotel operations. As the CODM of the Group considers most of the revenue and results of the Group are attributable to the market in the PRC, and only an immaterial part (less than 10%) of the Group's assets are located outside the PRC, no geographical segment information is presented.

The directors of the Company assess the performance of the operating segments based on a measure of segment results, which is a measure of revenue and gross profit of each operating segment.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

5. Segment information (continued)

The segment information provided to the executive directors for the reportable segments for the year ended 31 December 2019 is as follows:

	Property development and construction RMB'000	Property investment RMB'000	Other businesses RMB'000	Unallocated RMB'000	Total RMB'000
Revenue from contracts with customers	9,446,177	-	12,109	-	9,458,286
Revenue from other sources – Rental income	-	54,709	-	-	54,709
Segment revenue	9,446,177	54,709	12,109	-	9,512,995
Inter-segment revenue	-	-	-	-	-
Revenue from external customers	9,446,177	54,709	12,109	-	9,512,995
Gross profit	3,003,997	49,055	6,271	-	3,059,323
Other income					81,583
Other gains – net					88,992
Selling and marketing expenses					(457,555)
Administrative expenses					(720,650)
Fair value gains on investment properties	-	186,153	-	-	186,153
Finance costs – net					(431,938)
Share of results of joint ventures and associates	1,175,306	-	-	-	1,175,306
Profit before income tax					2,981,214
Income tax expenses					(724,587)
Profit for the year					2,256,627
Depreciation and amortisation	12,716	-	6,914	-	19,630
Segment assets	62,520,223	3,270,645	476,263	1,019,869	67,287,000
Segment liabilities	38,093,491	1,806,484	351,213	16,301,084	56,552,272
Additions to non-current assets (other than financial instruments and deferred income tax assets)	2,062,851	969,542	137,116	-	3,169,509

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

5. Segment information (continued)

The segment information provided to the executive directors for the reportable segments for the year ended 31 December 2018 is as follows:

	Property development and construction RMB'000	Property investment RMB'000	Other businesses RMB'000	Unallocated RMB'000	Total RMB'000
Revenue from contracts with customers	8,171,126	–	13,937	–	8,185,063
Revenue from other sources – Rental income	–	27,011	–	–	27,011
Segment revenue	8,171,126	27,011	13,937	–	8,212,074
Inter-segment revenue	–	–	–	–	–
Revenue from external customers	8,171,126	27,011	13,937	–	8,212,074
Gross profit	3,097,991	19,035	6,336	–	3,123,362
Other income					37,265
Other gains – net					56,744
Selling and marketing expenses					(294,318)
Administrative expenses					(451,914)
Fair value gains on investment properties	–	191,717	–	–	191,717
Finance costs – net					(375,272)
Share of results of joint ventures and associates	579,065	–	–	–	579,065
Profit before income tax					2,866,649
Income tax expenses					(1,025,602)
Profit for the year					1,841,047
Depreciation and amortisation	11,728	–	865	–	12,593
Segment assets	46,422,878	2,076,472	235,527	874,570	49,609,447
Segment liabilities	28,055,891	1,103,820	203,189	13,377,910	42,740,810
Additions to non-current assets (other than financial instruments and deferred income tax assets)	721,328	415,203	157,483	–	1,294,014

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

5. Segment information (continued)

Reportable segments' assets are reconciled to total assets as follows:

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Segment assets	66,267,131	48,734,877
Unallocated:		
Financial assets at fair value through profit or loss	271,469	364,655
Deferred income tax assets	748,400	509,915
Total assets per consolidated balance sheet	67,287,000	49,609,447

Reportable segments' liabilities are reconciled to total liabilities as follows:

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Segment liabilities	40,251,188	29,362,900
Unallocated:		
Deferred income tax liabilities	210,650	277,487
Current income tax liabilities	1,242,359	969,383
Borrowings and other liabilities	14,848,075	12,131,040
Total liabilities per consolidated balance sheet	56,552,272	42,740,810

6. Revenue

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Revenue from property development and sales	9,446,177	8,171,126
Hotel income	12,109	13,937
Rental income	54,709	27,011
	9,512,995	8,212,074

Revenue mainly included sales of properties, which is recognised at a point in time.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

6. Revenue (continued)**(a) Details of contract acquisition costs:**

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Costs for obtaining contracts	13,705	14,552

Management expects the incremental costs, primarily sales commission and stamp duty, incurred for obtaining the property sales contracts are recoverable. The Group capitalised these incremental costs and amortised them when the related revenue is recognised. There was no impairment loss in relation to the costs capitalised.

(b) Details of contract liabilities:

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Contract liabilities related to sales of properties	27,628,013	20,921,303

The Group receives payments from customers based on billing schedules as established in the property sale contracts. Payments are usually received in advance of the performance under the contracts for property development and sales.

Revenue recognised related to carried-forward contract liabilities amounted to RMB9,355,246,000 for the year ended 31 December 2019 (2018: RMB7,859,270,000).

(c) Unsatisfied contracts related to sales of properties

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Sales of properties		
Expected to be recognised		
– within one year	15,969,488	9,507,862
– after one year	13,954,279	11,713,111
	29,923,767	21,220,973

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

7. Expenses by nature

	Year ended 31 December	
	2019 RMB'000	2018 RMB'000
Cost of properties sold – including construction cost, land cost, capitalised interest expenses	6,403,025	5,019,124
Cost of construction services and others	7,146	7,201
Staff costs (including directors' emoluments) (<i>Note 8</i>)	422,700	289,383
Marketing and advertising costs	213,573	158,265
Consulting and project management fees	176,890	73,541
Other taxes and surcharges	76,238	94,954
Property management fees	44,367	18,233
Office lease payments	23,849	16,632
Entertainment expenses	28,133	23,577
Office and travelling expenses	42,274	32,147
Depreciation (<i>Note 14</i>)	18,796	11,624
Amortisation of intangible assets	834	969
Auditor's remuneration	6,550	1,600
– Audit services	5,050	1,500
– Non-audit services	1,500	100
Listing expenses	16,906	31,541

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

8. Staff costs – including directors' emoluments

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Wages, salaries and bonuses and other benefits	445,791	291,227
Pension costs – statutory pension	59,369	44,683
Others	16,504	16,961
Total employee benefits expenses	521,664	352,871
Less: capitalised in properties under development, investment properties under construction and construction in progress	(98,964)	(63,488)
	422,700	289,383

Pensions scheme – defined contribution plans

Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the employee salary to the scheme to fund the retirement benefits of the employees.

(a) Directors' emoluments

The directors' emoluments paid/payable by the Group are as follows:

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Fees, salaries and bonuses and other benefits	4,409	2,616
Pension costs	267	237
	4,676	2,853

The emoluments received by individual directors are presented as below:

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

8. Staff costs – including directors' emoluments (continued)

(a) Directors' emoluments (continued)

(i) For the year ended 31 December 2019

Name of Directors	Fees RMB'000	Salaries and other benefits RMB'000	Discretionary bonuses RMB'000	Contribution to retirement scheme RMB'000	Total RMB'000
Executive Directors					
Mr. Hu Yiping	-	501	-	89	590
Mr. Fei Zhongmin	-	1,008	950	89	2,047
Ms. Feng Xia	-	808	800	89	1,697
Non-executive Directors					
Mr. Hu Shihao	-	-	-	-	-
Mr. Wang Yongquan	114	-	-	-	114
Mr. Chen Hengliu	114	-	-	-	114
Mr. Ding Jiangang	114	-	-	-	114
Total	342	2,317	1,750	267	4,676

(ii) For the year ended 31 December 2018

Name of Directors	Fees RMB'000	Salaries and other benefits RMB'000	Discretionary bonuses RMB'000	Contribution to retirement scheme RMB'000	Total RMB'000
Executive Directors					
Mr. Hu Yiping	-	300	-	72	372
Mr. Fei Zhongmin	-	1,009	280	83	1,372
Ms. Feng Xia (Appointed on 8 January 2018)	-	747	280	82	1,109
Ms. Zhu Hong (Resigned on 8 January 2018)	-	-	-	-	-
Non-executive Directors					
Mr. Hu Shihao (Appointed on 14 August 2018)	-	-	-	-	-
Total	-	2,056	560	237	2,853

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

8. Staff costs – including directors’ emoluments (continued)**(a) Directors’ emoluments (continued)****(iii) Directors’ retirement benefits**

No retirement benefits were paid to the directors of the Company by the Group in respect of the director’s services as a director of the Company and its subsidiaries or other services in connection with the management of the affairs of the Company or its subsidiaries for the year ended 31 December 2019 (2018: same).

(iv) Directors’ termination benefits

None of the directors received any termination benefits for the year ended 31 December 2019 (2018: none).

(v) Consideration provided to third parties for making available directors’ services

For the year ended 31 December 2019, the Group did not pay consideration to any third parties for making available directors’ services (2018: nil).

(vi) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors.

Save as disclosed in Note 38, as at 31 December 2019, there were no loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and connected entities with such directors (2018: nil).

(vii) Directors’ material interests in transactions, arrangements or contracts

Save as disclosed in Note 38, no significant transactions, arrangements, and contracts in relations to the Group’s business to which the Company was a party and in which a director of the Company has a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2019.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2019 included 1 (2018: 1) director whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining 4 (2018: 4) individuals during the year ended 31 December 2019 are as follows:

	Year ended 31 December	
	2019 RMB’000	2018 RMB’000
Wages and salaries and bonuses and other benefits	9,675	5,413
Pension costs – statutory pension	266	314
	9,941	5,727

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

8. Staff costs – including directors' emoluments (continued)**(b) Five highest paid individuals (continued)**

The emoluments of these remaining individuals of the Group fell within the following bands:

	Year ended 31 December	
	2019 number of individual	2018 number of individual
Annual emolument band RMB895,780 to RMB1,343,670 (equivalent to HKD1,000,000 to HKD1,500,000)	–	4
RMB1,791,560 to RMB2,239,450 (equivalent to HKD2,000,000 to HKD2,500,000)	2	–
RMB2,687,340 to RMB3,135,230 (equivalent to HKD3,000,000 to HKD3,500,000)	1	–
RMB3,135,230 to RMB3,583,120 (equivalent to HKD3,500,000 to HKD4,000,000)	1	–

9. Other income

	Year ended 31 December	
	2019 RMB'000	2018 RMB'000
Management and consulting service income (<i>Note a</i>)	67,178	33,773
Others	14,405	3,492
	81,583	37,265

(a) The amount mainly represents the management and consulting services provided to the Group's joint ventures and associates in relation to the property development projects.

10. Other gains – Net

	Year ended 31 December	
	2019 RMB'000	2018 RMB'000
Gains on financial assets at fair value through profit or loss	34,343	10,699
Exchange gain	25,490	10,468
Others	29,159	35,577
	88,992	56,744

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11. Finance costs – net

	Year ended 31 December	
	2019 RMB'000	2018 RMB'000
Finance costs		
– Borrowings from bank and other financial institutions	1,059,795	870,797
– Amounts due to non-controlling interests and related parties	227,617	217,537
– Interest for lease liabilities	10,588	–
– Less: capitalised interest	(770,680)	(617,472)
	527,320	470,862
Finance income		
Interest income from		
– Bank deposits	(44,724)	(31,164)
– Other receivables	(25,437)	(22,110)
– Amounts due from related parties	(25,221)	(42,316)
	(95,382)	(95,590)
Finance costs – net	431,938	375,272

12. Income tax expenses

	Year ended 31 December	
	2019 RMB'000	2018 RMB'000
Current income tax:		
– PRC corporate income tax	627,033	673,218
– PRC land appreciation tax	372,836	503,638
	999,869	1,176,856
Deferred income tax (<i>Note 17</i>):		
– PRC corporate income tax	(210,435)	(185,116)
– PRC land appreciation tax	(64,847)	33,862
	(275,282)	(151,254)
	724,587	1,025,602

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12. Income tax expenses (continued)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profit/loss of the consolidated entities as follows:

	Year ended 31 December	
	2019 RMB'000	2018 RMB'000
Profit before income tax	2,981,214	2,866,649
Adjust for share of results of joint ventures and associates reported net of tax	(1,175,306)	(579,065)
	1,805,908	2,287,584
Tax calculated at applicable corporate income tax rate	451,477	571,896
Effect of expenses not deductible for income tax purpose	35,570	39,311
Effect of tax losses not recognised as deferred income tax assets	48,724	11,270
Deductible tax loss not recognised as deferred income tax assets in prior years	(42,176)	–
PRC land appreciation tax deductible for income tax purpose	(76,997)	(134,375)
Corporate income tax	416,598	488,102
PRC land appreciation tax	307,989	537,500
	724,587	1,025,602

PRC corporate income tax

The income tax provision of the Group in respect of operations in PRC has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

The corporate income tax rate applicable to the group entities located in mainland China is 25% according to the Corporate Income Tax Law of the People's Republic of China (the "CIT Law") effective on 1 January 2008.

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For the year ended 31 December 2019

12. Income tax expenses (continued)

PRC land appreciation tax (“LAT”)

Pursuant to the requirements of the Provisional Regulations of the PRC on LAT effective 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective on 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 sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has made provision of LAT for sales of properties according to the aforementioned progressive rate.

Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and, is exempted from Cayman Islands income tax. The Company’s direct subsidiary in the BVI was incorporated under the BVI Business Companies Act of the British Virgin Islands and is exempted from British Virgin Islands income tax. The Group’s subsidiaries in Hong Kong are subject to profits tax at the rate of 16.5%.

PRC dividend withholding income tax

Pursuant to the Detailed Implementation Regulations for implementation of the Corporate Income Tax Law issued on 6 December 2007, dividends distributed from the profits generated by the PRC companies after 1 January 2008 to their foreign investors shall be subject to this withholding income tax of 10%, a lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are incorporated in Hong Kong and fulfil the requirements to the tax treaty arrangements between the PRC and Hong Kong. The Group has not accrued any withholding income tax for these undistributed earnings of its PRC subsidiaries as the Group does not have a plan to distribute these earnings out of the PRC.

13. Dividend

At the board of directors meeting held on 28 August 2019, the directors of the Company proposed an interim dividend for the six months ended 30 June 2019 of RMB0.10 per ordinary share amounting to approximately RMB270,134,000 out of share premium account of the Company (Note 40(a)). The interim dividends were paid in November 2019.

At the board of directors meeting held on 19 March 2020, the directors of the Company proposed a final dividend for the year ended 31 December 2019 of RMB0.08 per ordinary share amounting to approximately RMB216,107,000 out of share premium account of the Company. These proposed dividends have not been reflected as dividends payable in this consolidated financial statements for the year ended 31 December 2019, but will be reflected as dividends distribution in 2020.

For the year ended 31 December 2018, dividends of RMB300,000,000 were declared and paid by the Group’s subsidiary to the Group’s then shareholders.

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For the year ended 31 December 2019

14. Property, plant and equipment

	Buildings and leasehold improvements	Office equipment	Motor vehicles	Construction in progress	Right-of-use assets	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2019						
Opening net book amount as at 1 January 2019, as previously reported	91,723	2,352	6,779	52,295	-	153,149
Change in accounting policy (Note 2.2)	-	-	-	-	121,670	121,670
Opening net book amount as at 1 January 2019, as restated	91,723	2,352	6,779	52,295	121,670	274,819
Additions	64,401	4,554	5,902	43,801	18,458	137,116
Disposals	(6)	(51)	(1,291)	-	-	(1,348)
Depreciation	(21,390)	(3,939)	(2,893)	-	(3,544)	(31,766)
Closing net book amount	134,728	2,916	8,497	96,096	136,584	378,821
At 31 December 2019						
Cost	193,791	12,592	16,610	96,096	145,003	464,092
Accumulated depreciation	(59,063)	(9,676)	(8,113)	-	(8,419)	(85,271)
Net book amount	134,728	2,916	8,497	96,096	136,584	378,821

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For the year ended 31 December 2019

14. Property, plant and equipment (continued)

	Buildings and leasehold improvements RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2018					
Cost	128,415	7,428	9,621	1,199	146,663
Accumulated depreciation	(29,571)	(5,288)	(5,461)	–	(40,320)
Net book amount	98,844	2,140	4,160	1,199	106,343
Year ended 31 December 2018					
Opening net book amount	98,844	2,140	4,160	1,199	106,343
Additions	10,429	1,583	4,650	51,096	67,758
Disposals	(2,579)	(40)	(123)	–	(2,742)
Depreciation	(14,971)	(1,331)	(1,908)	–	(18,210)
Closing net book amount	91,723	2,352	6,779	52,295	153,149
At 31 December 2018					
Cost	134,498	8,504	12,589	52,295	207,886
Accumulated depreciation	(42,775)	(6,152)	(5,810)	–	(54,737)
Net book amount	91,723	2,352	6,779	52,295	153,149

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

14. Property, plant and equipment (continued)

Depreciation has been charged to the consolidated income statements as follows:

	Year ended 31 December	
	2019 RMB'000	2018 RMB'000
Cost of sales	8,939	6,089
Selling and marketing expenses	329	778
Administrative expenses	9,528	4,757
Properties under development	12,970	6,586
	31,766	18,210

All buildings were located in the PRC.

The information of the Group's pledged assets is disclosed in the Note 36.

15. Investment properties

	Year ended 31 December	
	2019 RMB'000	2018 RMB'000
Opening net book amount	1,768,420	1,254,600
Addition	969,542	415,203
Fair value changes	186,153	191,717
Disposal of a subsidiary	-	(93,100)
Closing net book amount	2,924,115	1,768,420
Rental income	54,709	27,011
Fair value gains on investment properties	186,153	191,717
	240,862	218,728

As at 31 December 2019 and 2018, the Group had no contractual obligations for repairs, maintenance or enhancements.

As at 31 December 2019, an investment property of RMB137,555,000 was resulted from an operating sub lease.

The information of the Group's pledged assets is disclosed in the Note 36.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

16. Leases**(a) Amounts recognised in the balance sheet**

The consolidated balance sheet shows the following amounts relating to leases:

	31 December 2019 RMB'000	1 January 2019 RMB'000
Property, plant and equipment - right-of-use assets		
Land-use rights	136,584	121,670
Lease liabilities		
Current	1,394	2,961
Non-current	156,063	3,874
	157,457	6,835

(b) Amounts recognised in the consolidated income statement

The consolidated income statement shows the following amounts relating to leases:

	Year ended 31 December 2019 RMB'000
Depreciation charge of right-of-use assets	
Land use rights	3,544
Interest expense (included in finance cost)	10,588
Expense relating to short-term leases and low value assets (included in cost of goods sold and administrative expenses)	23,849

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

17. Deferred income tax

(a) Deferred income tax assets

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
The balance comprises temporary differences attributable to:		
Tax losses	456,896	240,364
Impairment of assets	19,170	9,499
Deductible temporary differences of investments in subsidiaries	242,893	222,861
Others	51,513	54,126
Total deferred income tax assets	770,472	526,850
Set-off of deferred income tax liabilities	(22,072)	(16,935)
Net deferred income tax assets	748,400	509,915

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. As at 31 December 2019, the Group did not recognise deferred income tax assets of RMB89,040,000 (2018: RMB82,492,000) in respect of tax losses amounting to RMB356,160,000 (2018: RMB329,968,000), that can be carried forward against future taxable income. These tax losses will expire up to and including year 2024.

Movements of deferred income tax assets without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows:

Movements	Tax losses RMB'000	Impairment of assets RMB'000	Deductible temporary differences of investments in subsidiaries RMB'000	Others RMB'000	Total RMB'000
At 1 January 2018	209,650	8,657	43,692	38,635	300,634
Credit to profit or loss	45,283	842	179,169	15,491	240,785
Disposal of a subsidiary	(14,569)	-	-	-	(14,569)
At 31 December 2018	240,364	9,499	222,861	54,126	526,850
Credit/(charge) to profit or loss	186,492	9,671	20,032	(2,613)	213,582
Acquisition of a subsidiary	30,040	-	-	-	30,040
At 31 December 2019	456,896	19,170	242,893	51,513	770,472

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For the year ended 31 December 2019

17. Deferred income tax (continued)

(b) Deferred income tax liabilities

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
The balance comprises temporary differences attributable to:		
Revaluation gains of investment properties	232,722	186,184
Recognition of contract revenue and contract costs over time	-	43,391
Deferred land appreciation tax	-	64,847
Total deferred income tax liabilities	232,722	294,422
Set-off of deferred income tax assets	(22,072)	(16,935)
Net deferred income tax liabilities	210,650	277,487

Movements of deferred income tax liabilities without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows:

Movements	Revaluation gains of investment properties RMB'000	Recognition of contract revenue and contract costs over time RMB'000	Deferred land appreciation tax RMB'000	Total RMB'000
At 1 January 2018	146,798	35,651	30,985	213,434
Charge to profit or loss	47,929	7,740	33,862	89,531
Disposal of investment properties	(8,543)	-	-	(8,543)
At 31 December 2018	186,184	43,391	64,847	294,422
Charge/(credit) to profit or loss	46,538	(43,391)	(64,847)	(61,700)
At 31 December 2019	232,722	-	-	232,722

- (c) Deferred income tax liabilities of RMB278,007,000 (2018: RMB148,770,000) have not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries. Unremitted earnings totalled RMB2,780,072,000 as at 31 December 2019 (2018: RMB1,487,700,000), as the Group does not have a plan to distribute these earnings out of the PRC.

Notes to the Consolidated Financial Statements

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18. Subsidiaries**(a) Material non-controlling interests**

Set out below is the summarised financial information for a subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for the subsidiary is before inter-company eliminations.

Dexin Lishui Real Estate Co., Ltd.

Summarised balance sheet

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Current		
– Assets	530,284	2,004,106
– Liabilities	(109,994)	(2,025,387)
Total net current assets/(liabilities)	420,290	(21,281)
Non-current		
– Assets	615	17,479
Total net non-current assets	615	17,479
Net assets/(liabilities)	420,905	(3,802)
Proportionate share of the net assets/(liabilities) attributable to non-controlling interests	206,243	(1,863)

Summarised income statement and statement of comprehensive income

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Revenue	1,820,729	164
Profit before income tax	627,786	617
Income tax expenses	(203,079)	(487)
Profit and total comprehensive income for the year	424,707	130
Total comprehensive income for the year allocated to non-controlling interests	208,106	64

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18. Subsidiaries (continued)**(a) Material non-controlling interests (continued)****Dexin Lishui Real Estate Co., Ltd. (continued)**

Summarised statement of cash flows

	Year ended 31 December	
	2019 RMB'000	2018 RMB'000
Net cash (used in)/generated from operating activities	(225,892)	246,321
Net cash generated from investing activities	29,429	355,184
Net cash generated from/(used in) financing activities	24,500	(744,785)
Net decrease in cash and cash equivalents	(171,963)	(143,280)
Cash and cash equivalents at beginning of the year	178,512	321,792
Cash and cash equivalents at end of the year	6,549	178,512

Ruian Dexin Real Estate Co., Ltd.

Summarised balance sheet

	As at 31 December	
	2019 RMB'000	2018 RMB'000
Current		
– Assets	1,401,506	2,596,400
– Liabilities	(876,862)	(2,362,651)
Total net current assets	524,644	233,749
Non-current		
– Assets	2,195	120
– Liabilities	–	(77,900)
Total net non-current liabilities	2,195	(77,780)
Net assets	526,839	155,969
Proportionate share of the net assets attributable to non-controlling interests	131,710	38,992

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18. Subsidiaries (continued)**(a) Material non-controlling interests (continued)****Ruian Dexin Real Estate Co., Ltd. (continued)**

Summarised income statement and statement of comprehensive income

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Revenue	1,583,257	416,426
Profit before income tax	619,124	211,649
Income tax expenses	(248,254)	(53,004)
Profit and total comprehensive income for the year	370,870	158,645
Total comprehensive income for the year allocated to non-controlling interests	92,718	39,661

Summarised statement of cash flows

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Net cash used in operating activities	(348,845)	(74,081)
Net cash generated from/(used in) investing activities	72,523	(422,225)
Net cash generated from financing activities	166,309	144,562
Net decrease in cash and cash equivalents	(110,013)	(351,744)
Cash and cash equivalents at beginning of the year	143,500	495,244
Cash and cash equivalents at end of the year	33,487	143,500

Notes to the Consolidated Financial Statements

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19. Investments accounted for using the equity method**(a) Investments accounted for using the equity method**

- (i) The amounts recognised in the consolidated balance sheets as “Investments accounted for using the equity method” are as follows:

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Joint ventures	1,053,876	790,774
Associates	2,738,462	1,218,095
	3,792,338	2,008,869

- (ii) The amounts recognised in the consolidated income statements as “Share of results of joint ventures and associates” are as follows:

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Joint ventures	136,750	197,065
Associates	1,038,556	382,000
	1,175,306	579,065

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19. Investments accounted for using the equity method (continued)

(b) Set out below are the principal joint ventures and associates of the Group as at 31 December 2019 and 2018. The place of incorporation or registration is also their principal place of business.

(i) Joint ventures:

Name of entity	Place of business/ place of incorporation and business	% of ownership interest As at 31 December		Measurement method	Principal activities
		2019	2018		
武義德信置業有限公司 WuYi Dexin Real Estate Co., Ltd.	The PRC	25%	25%	Equity Method	Property development
樂清凱譽置業有限公司 Yueqing Kaiyu Real Estate Co., Ltd.	The PRC	28%	28%	Equity Method	Property development
杭州德信潤楠置業有限公司 Hangzhou Dexin Runnan Real Estate Co., Ltd.	The PRC	32%	–	Equity Method	Property development
昆山杭城德新置業有限公司 Kunshan Hangcheng Dexin Real Estate Co., Ltd.	The PRC	33%	–	Equity Method	Property development
杭州宇威置業有限公司 Hangzhou Yuwei Real Estate Co., Ltd.	The PRC	17%	17%	Equity Method	Property development
杭州華宇業瑞房地產開發有限公司 Hangzhou Huayu Yerui Real Estate Development Co., Ltd.	The PRC	23%	23%	Equity Method	Property development

(ii) Associates:

Name of entity	Place of business/ place of incorporation and business	% of ownership interest As at 31 December		Measurement method	Principal activities
		2019	2018		
德信地產(衢州)有限公司 Dexin Real Estate (Quzhou) Co., Ltd.	The PRC	50%	47%	Equity Method	Property development
溫州萬瑞置業有限公司 Wenzhou Wanrui Real Estate Co., Ltd.	The PRC	35%	35%	Equity Method	Property development
浙江金澳置業有限公司 Zhejiang Jinao Real Estate Co., Ltd.	The PRC	23%	16%	Equity Method	Property development
溫州碧桂園房地產開發有限公司 Wenzhou Country Garden Real Estate Development Co., Ltd.	The PRC	30%	30%	Equity Method	Property development
杭州新城松郡房地產開發有限公司 Hangzhou Xincheng Songjun Real Estate Development Co., Ltd.	The PRC	30%	30%	Equity Method	Property development
杭州濱潤房地產開發有限公司 Hangzhou Binrun Real Estate Development Co., Ltd.	The PRC	20%	20%	Equity Method	Property development
德清德錦置業有限公司 Deqing DeJin Real Estate Co., Ltd.	The PRC	50%	42%	Equity Method	Property development
杭州創蜀房地產開發有限責任公司 Hangzhou Chuangshu Real Estate Development Co., Ltd.	The PRC	14%	10%	Equity Method	Property development
杭州勳東房地產開發有限公司 Hangzhou Lidong Real Estate Development Co., Ltd.	The PRC	50%	–	Equity Method	Property development
溫州和盟置業有限公司 Wenzhou Hemeng Real Estate Co., Ltd.	The PRC	11%	–	Equity Method	Property development

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19. Investments accounted for using the equity method (continued)**(c) Summarised financial information for associates and joint ventures**

- (i) Set out below is the summarised financial information for Dexin Real Estate (Quzhou) Co., Ltd., which is a material associate to the Group.

Summarised balance sheet

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Non-current assets	1,361	–
Current assets		
Cash and cash equivalents	8,144	132,295
Other current assets	713,525	3,203,550
	721,669	3,335,845
Total assets	723,030	3,335,845
Current liabilities		
Other current liabilities	623,376	3,107,131
Total liabilities	623,376	3,107,131
Net assets	99,654	228,714
The Group's share in %	50%	47%
The Group's share of net assets	49,827	107,496
Elimination of unrealised profit or losses	(10,355)	–
Carrying amount	39,472	107,496

Summarised statement of comprehensive income

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Revenue	2,836,418	1,672,040
Interest income	–	4,513
Income tax expenses	(585,532)	(121,927)
Profit and total comprehensive income for the year	842,778	236,271
Dividends received from the associate	485,919	–

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19. Investments accounted for using the equity method (continued)**(c) Summarised financial information for associates and joint ventures (continued)**

- (ii) Set out below is the reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in Dexin Real Estate (Quzhou) Co., Ltd.

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Opening net assets	228,714	(7,557)
Profit for the year	842,778	236,271
Dividends	(971,838)	–
Closing net assets	99,654	228,714
The Group's share of net assets	49,827	107,496
Elimination of unrealised profit or losses	(10,355)	–
Interest in associate	39,472	107,496
Carrying value	39,472	107,496

- (iii) Set out below are the summarised financial information for joint ventures, which are individually immaterial to the Group.

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Profit for the year	443,295	301,420
Other comprehensive income	–	–
Total comprehensive income for the year	443,295	301,420

- (iv) Set out below are the summarised financial information for associates, which are individually immaterial to the Group.

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Profit for the year	2,313,249	1,650,086
Other comprehensive income	–	–
Total comprehensive income for the year	2,313,249	1,650,086

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20. Financial instruments by category

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Financial assets:		
Assets at amortised cost		
– Trade and other receivables	1,175,908	807,028
– Amounts due from non-controlling interests	4,951,599	3,135,801
– Amounts due from related parties	2,918,668	2,778,822
– Restricted cash	5,797	1,295
– Cash and cash equivalents	9,564,316	7,486,911
Financial assets at fair value through profit or loss	271,469	364,655
	18,887,757	14,574,512
Financial liabilities:		
Financial liabilities at amortised cost		
– Trade and other payables, excluding accrual for staff costs and allowances and other taxes payable	2,741,910	2,211,720
– Amounts due to non-controlling interests	3,909,697	4,098,180
– Amounts due to related parties	3,985,010	4,027,577
– Borrowings from bank and other financial institutions	14,848,075	9,778,600
Lease liabilities	157,457	–
	25,642,149	20,116,077

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21. Financial assets at fair value through profit or loss

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Wealth management products	222,768	312,950
Others	48,701	51,705
	271,469	364,655
Less: non-current portion	(170,726)	(232,255)
Current portion	100,743	132,400

Wealth management products were mainly investments in financial instruments issued by banks or other financial institutions, which had no guaranteed returns. They had initial terms ranging from 1 to 3 years. The fair values of these investments approximated their carrying values as at 31 December 2019 and 2018.

22. Properties under development and completed properties held for sale

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Properties under development	36,657,831	27,684,622
Completed properties held for sale	591,370	345,610
	37,249,201	28,030,232
Property under development comprise:		
– Construction costs	7,762,228	4,673,273
– Land use rights	27,359,485	21,927,788
– Interests capitalised	1,536,118	1,083,561
	36,657,831	27,684,622

Properties under development and completed properties held for sale of the Group are all located in the PRC and expected to be completed and available for sale within normal operating cycle.

The capitalisation rate of borrowings is 9.2% for the year ended 31 December 2019 (2018: 9.5%).

The information of the Group's pledged assets is disclosed in the Note 36.

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For the year ended 31 December 2019

23. Trade and other receivables and prepayments

	As at 31 December	
	2019 RMB'000	2018 RMB'000
Trade receivables (Note a)		
– Third party	164,646	199,094
– Related party	34,019	20,756
Less: provision for impairment	(1,797)	(1,421)
	196,868	218,429
Other receivables		
– Deposits for property development and construction projects	567,737	476,006
– Deposits for borrowings	26,818	66,207
– Cash advances with third parties	320,264	41,075
– Interest receivable	7,351	7,760
– Others	109,075	18,836
Less: provision for impairment	(52,205)	(21,285)
	979,040	588,599
Prepayments		
– Prepayments for acquisition of land use rights (Note b)	1,629,462	730,400
– Prepaid value added tax and other taxes	725,432	1,094,033
– Others	57,006	71,054
	2,411,900	1,895,487
Total trade and other receivables and prepayments	3,587,808	2,702,515
Less: non-current portion of total trade and other receivables and prepayments	(75,179)	–
Current portion of trade and other receivables and prepayments	3,512,629	2,702,515

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For the year ended 31 December 2019

23. Trade and other receivables and prepayments (continued)

- (a) Ageing analysis of the trade receivables as at 31 December 2019 and 2018 based on invoice dates or contractual terms are as follows:

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Within 90 days	42,803	29,884
Over 90 days and within 365 days	9,176	10,058
Over 365 days and within 2 years	12,424	58,366
Over 2 years	134,262	121,542
	198,665	219,850

Trade receivables are denominated in RMB and mainly arise from sales of properties and construction services. Proceeds from sales of properties and construction service are generally received in accordance with the terms stipulated in the sale and purchase agreements. There is generally no credit period granted to the property purchasers.

Trade receivables with ageing over 365 days mainly included receivables of construction service fees for two resettlement community projects, of which the customers are subsidiaries of the local State-owned Assets Supervision and Administration Commission. Management considers the credit risk is not high since these customers have no recent history of default. The Group maintains frequent communications with these customers. Management closely monitors the credit qualities and the collectability of these receivables and considers that the expected credit risks of them are minimal in view of the history of cooperation with them and forward looking information.

- (b) Prepayments for acquisition of land use rights will be reclassified to properties under development when land certificates were obtained.

24. Restricted cash

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Denominated in RMB	5,797	1,295

The Group placed certain cash deposits with designated banks as security mainly for borrowings and issuance of commercial bills.

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For the year ended 31 December 2019

25. Cash and cash equivalents

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Denominated in:		
– RMB	9,028,178	7,479,699
– USD	528,845	5,862
– HKD	7,293	1,350
	9,564,316	7,486,911

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

26. Share capital

	Number of ordinary shares	Nominal value of ordinary shares USD	Equivalent nominal value of ordinary shares RMB'000
Authorised:			
As at 1 January 2019	100,000,000	1,000,000	
Increase	4,900,000,000	1,500,000	
As at 31 December 2019	5,000,000,000	2,500,000	
Issued:			
As at 1 January 2019	100,000,000	1,000,000	6,848
Sub-division of shares	1,900,000,000	–	–
Issue of shares in connection with the capitalisation issue (<i>Note (i)</i>)	100,000,000	50,000	335
Issue of shares in connection with the Company's listing (<i>Note (ii)</i>)	601,341,000	300,671	2,017
As at 31 December 2019	2,701,341,000	1,350,671	9,200

Pursuant to the written resolutions passed by the shareholders on 11 January 2019, the Company sub-divided all its issued and unissued shares with par value of US\$0.01 each into 20 shares of US\$0.0005 each. Accordingly, the number of issued ordinary shares increased from 100,000,000 shares to 2,000,000,000 shares. In addition, the Company increased its authorised share capital from US\$1,000,000 to US\$2,500,000 divided into 5,000,000,000 shares with a par value of US\$0.0005 each.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

26. Share capital (continued)

(i) Capitalisation issue

On 26 February 2019, the capitalisation issue pursuant to the shareholders' resolution dated 11 January 2019 was effected. The Company issued 100,000,000 ordinary shares at par value of US\$0.0005 each to holders of shares on the register of members of the Company at the close of business of 26 February 2019, by way of capitalisation of an amount of US\$50,000 standing to the credit of the share premium account of the Company.

(ii) Global offering

On 26 February 2019, the Company issued a total of 532,000,000 ordinary shares at a price of HK\$2.80 per share as a result of the completion of the global offering.

69,341,000 shares were issued upon the exercise of the over-allotment option on 19 March 2019 at a price of HK\$2.80 per share.

Number of total issued shares of the Company was increased to 2,701,341,000 shares upon completion of the capitalisation issue, the global offering and the exercise of over-allotment option. Total proceeds from the global offering amounted to RMB1,428,953,000 and share issuance costs amounted to RMB46,481,000.

27. Other reserves

	Share premium RMB'000	Other reserves RMB'000	Total RMB'000
Balance at 1 January 2018	–	800,177	800,177
Issue of new shares by the Company and the effect of the group reorganisation	–	(6,526)	(6,526)
Acquisition of additional interests in subsidiaries (<i>Note 37</i>)	–	(89,034)	(89,034)
Capital injection by a third party investor	67,662	–	67,662
Disposal of interests in subsidiaries without change of control	–	(2,118)	(2,118)
Deemed distributions to the then shareholders of the Group	–	(171,621)	(171,621)
Balance at 31 December 2018	67,662	530,878	598,540
Balance at 1 January 2019	67,662	530,878	598,540
Issue of shares in connection with the Company's listing	1,426,936	–	1,426,936
Share issuance costs	(46,481)	–	(46,481)
Issue of shares in connection with the capitalisation issue	(335)	–	(335)
Acquisition of additional interests in subsidiaries (<i>Note 37</i>)	–	(152,526)	(152,526)
Disposal of interests in subsidiaries without change of control	–	23,693	23,693
Interim dividends for 2019 (<i>Note 13</i>)	(270,134)	–	(270,134)
Balance at 31 December 2019	1,177,648	402,045	1,579,693

Other reserves mainly represented the share premium from the Company's listing and the accumulated capital contribution from the then shareholders of the group companies in excess of the consideration given in relation to the reorganisation.

Notes to the Consolidated Financial Statements

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28. Statutory reserves

In accordance with relevant rules and regulations in the PRC, when declaring dividend, the Group's PRC subsidiaries are required to appropriate not less than 10% of their profit after taxation calculated under PRC accounting rules and regulations to the statutory reserve fund, until the accumulated total of the fund reaches 50% of the registered capital of the respective companies. The statutory reserve fund can only be used, upon approval by the relevant authority, to offset losses brought forward from prior years or to increase the paid up capital of respective companies.

29. Earnings per share

In determining the weighted average number of ordinary shares in issue during the year ended 31 December 2019 and 2018, the ordinary shares issued but not paid upon the incorporation of the Company, the ordinary shares issued in exchange for the listing business in the reorganisation, the sub-division of shares on 14 August 2018 and 11 January 2019 and the capitalisation issue (Note 26), were deemed to be issued on 1 January 2018.

	Year ended 31 December	
	2019	2018
Profit attributable to owners of the Company (RMB'000)	1,556,514	1,453,456
Weighted average number of ordinary shares in issue (in thousand)	2,605,091	2,034,411
Basic earnings per share (RMB per share)	0.60	0.71

The Company had no dilutive potential shares in issue, thus the diluted earnings per share equals the basic earnings per share.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

30. Borrowings

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Borrowings included in non-current liabilities:		
Bank borrowings		
– Secured	7,632,580	3,183,000
Other borrowings		
– Secured	4,442,162	4,295,400
– Unsecured	–	1,028,200
Senior notes	2,162,333	–
Less: current portion of non-current borrowings	(4,929,160)	(4,082,742)
	9,307,915	4,423,858
Borrowings included in current liabilities:		
Bank borrowings		
– Secured	–	599,000
Other borrowings		
– Secured	611,000	673,000
Current portion of non-current borrowings	4,929,160	4,082,742
	5,540,160	5,354,742
Total borrowings	14,848,075	9,778,600

In 2019, the Group issued medium-term notes with principal amount of USD300 million at 98.095% discount to face value, at an interest rate of 12.875% per annum and with maturity in 2021.

The Group's bank and other borrowings as at 31 December 2019 of RMB12,685,742,000(2018: RMB8,750,400,000) were secured by certain own-used properties, land use rights, investment properties, equity interests of group companies, properties under development and completed properties held for sale of the Group with total carrying values of RMB25,969,240,000 (2018: RMB19,442,200,000). The Company's equity interests in certain subsidiaries were pledged as security for borrowing of the Group at 31 December 2019.

Certain group companies in the PRC have entered into fund arrangements with trust companies and assets management companies, respectively, pursuant to which these financial institutions raised funds and injected them to the group companies. Certain equity interests of the group companies were held by the financial institutions as collateral of which the Group is obligated to redeem at predetermined prices. The funds bear fixed interest rates and have fixed repayment terms. Thus, the Group did not derecognise its equity interests in the subject group companies but treated the fund arrangements as other borrowings in the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

30. Borrowings (continued)

- (a) The exposure of the Group's borrowings to interest-rate changes and the contractual repricing dates or maturity date whichever is earlier are as follows:

	As at 31 December 2019	2018
	RMB'000	RMB'000
6 months or less	3,988,760	4,701,600
6-12 months	2,125,800	4,032,492
1-2 years	6,697,915	773,593
2-5 years	1,748,270	93,185
Over 5 years	287,330	177,730
Total	14,848,075	9,778,600

- (b) The repayment terms of the borrowings are as follows:

	As at 31 December 2019	2018
	RMB'000	RMB'000
Within 1 year	5,540,160	5,354,742
1 – 2 years	5,391,815	3,522,943
2 – 5 years	3,392,270	723,185
Over 5 years	523,830	177,730
Total	14,848,075	9,778,600

- (c) The weighted average effective interest rates as at 31 December 2019 and 2018 are as follows:

	As at 31 December 2019	2018
Weighted average effective interest rates	8.52%	8.18%

- (d) The carrying amounts of the borrowings are denominated in the following currencies.

	As at 31 December 2019	2018
RMB	12,685,742	9,778,600
USD	2,162,333	–
Total	14,848,075	9,778,600

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

30. Borrowings (continued)

- (e) The carrying amounts of the borrowings approximated their fair values as at 31 December 2019 and 2018 as the impact of discounting of borrowings was not significant.

31. Trade and other payables

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Trade payables (Note a)	1,594,530	1,400,010
Notes payables	6,030	7,612
Other payables:		
Other taxes payable	1,687,326	371,566
Interests payable	105,892	139,313
Construction fees received on behalf of constructors	154,023	299,540
Deposits from contractors and suppliers	190,173	164,162
Payroll payable	141,775	84,994
Deposits received for sales of properties	84,090	34,128
Advances from third parties (Note b)	437,498	56,001
Others	169,674	110,954
Total trade and other payables	4,571,011	2,668,280
Less: non-current portion of trade and other payables	(247,498)	–
Current portion of trade and other payables	4,323,513	2,668,280

- (a) The ageing analysis of the trade payables based on invoice dates or contractual terms is as follows:

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Within 90 days	939,377	1,207,401
Over 90 days and within 365 days	584,524	117,368
Over 365 days	70,629	75,241
	1,594,530	1,400,010

- (b) Advances from third parties

As at 31 December 2019, these advances from third parties bear interest rates ranging from 8% to 14.5% per annum (31 December 2018: 12% per annum) and were repayable on demand or based on the contractual agreements (31 December 2018: same).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

32. Cash generated from/(used in) operations

(a) Reconciliation of profit for the year to net cash generated from/(used in) operations.

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Profit before income tax for the year	2,981,214	2,866,649
Adjustments for:		
– Depreciation of property, plant and equipment	18,796	11,624
– Interest expenses	527,320	470,862
– Interest income	(95,382)	(95,590)
– Gains on financial assets at fair value through profit or loss	(34,343)	(10,699)
– Share of results of joint ventures and associates	(1,175,306)	(579,065)
– Fair value gains on investment properties	(186,153)	(191,717)
– Others-net	3,300	(29,449)
Cash generated from operations before changes in working capital	2,039,446	2,442,615
Changes in working capital:		
– Properties under development and completed properties held for sale	(8,635,974)	(9,232,747)
– Contract liabilities	6,706,710	5,695,881
– Trade and other receivables and prepayments	497,962	(384,121)
– Trade and other payables	1,395,187	209,654
– Contract acquisition costs	847	1,258
Cash generated from/(used in) operations	2,004,178	(1,267,460)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

32. Cash generated from/(used in) operations (continued)

(b) Reconciliation of liabilities arising from financing activities

	Borrowings from bank and other financial institutions RMB'000	Amounts due to joint ventures and associates RMB'000	Amounts due to non- controlling interests RMB'000	Amounts due to other related parties RMB'000	Advance from third parties RMB'000	Lease Liabilities RMB'000
Balance as at 31 December 2018	9,778,600	4,013,533	4,098,180	14,044	56,001	-
Non-cash changes						
- Acquisition of a subsidiary	-	-	309,628	-	-	-
- Addition of lease liabilities	-	-	-	-	-	177,203
- Finance expense recognised	119,610	-	-	-	-	10,588
- Foreign exchange adjustments	(25,490)	-	-	-	-	-
Cash Flows						
- Increase	12,193,035	1,478,597	3,707,184	60,654	437,498	-
- Decrease	(7,217,680)	(1,579,060)	(4,205,295)	(2,758)	(56,001)	(30,334)
Balance as at 31 December 2019	14,848,075	3,913,070	3,909,697	71,940	437,498	157,457

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33. Amounts due from/to non-controlling interests**(a) Amounts due from non-controlling interests**

As at 31 December 2019, amounts due from non-controlling interests included amounts of RMB95,000,000 (31 December 2018: RMB95,000,000), which carried interest rate of 4.75% per annum (31 December 2018: 4.75% to 12% per annum). The remaining balances were interest free. All of the amounts due from non-controlling interests are unsecured and repayable on demand.

(b) Amounts due to non-controlling interests

	As at 31 December 2019 RMB'000	2018 RMB'000
Non-current portion (i)	228,598	–
Current portion (ii)	3,681,099	4,098,180
	3,909,697	4,098,180

(i) As at 31 December 2019, the amounts included certain cash advances from non-controlling interests, which bear interest rates ranging from 8% to 8.5% per annum and were repayable according to respective agreements (31 December 2018: none). The cash advances from non-controlling interests as at 31 December 2019 of RMB99,600,000 (2018: none) were secured by properties under development of the Group with total carrying value of RMB154,342,000 (2018: none).

(ii) As at 31 December 2019, the amounts included certain cash advances from non-controlling interests of approximately RMB699,629,000 (31 December 2018: RMB1,536,934,000) which bear interest rates ranging from 4.35% to 8% per annum (31 December 2018: 4.35% to 13% per annum) and were repayable according to respective agreements.

Notes to the Consolidated Financial Statements

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34. Financial guarantee

	As at 31 December	
	2019 RMB'000	2018 RMB'000
Guarantee in respect of mortgage facilities for certain purchasers (note a)	12,603,058	9,830,260
Guarantee provided for the borrowings of joint ventures and associates (note b and note 38)	2,469,100	1,587,410
Guarantee provided for the borrowings of third parties (note b)	193,300	459,210
	15,265,458	11,876,880

- (a) The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages. The directors consider that the likelihood of default in payments by purchasers is minimal and therefore the financial guarantee measured at fair value as at 31 December 2019 and 2018 is immaterial.

- (b) Amounts represented the maximum exposure of the guarantees provided for the borrowings of the related parties and independent third parties at the respective balance sheet dates. The directors consider that the likelihood of default in payments by the related parties and independent third parties is minimal and therefore the financial guarantee measured at fair value as at 31 December 2019 and 2018 is immaterial.

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35. Commitments

Commitments contracted for but not provided for are as follows:

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
– Property development activities	10,690,499	5,664,496
– Property, plant and equipment	12,630	8,622
– Investments in joint ventures and associates	370,239	60,284
– Investment properties	345,320	163,225
	11,418,688	5,896,627

36. Assets pledged as security

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
ASSETS		
Non-current assets		
Property, plant and equipment	56,983	58,890
Right-of-use assets – land use rights	3,218	92,969
Investment properties	1,382,200	1,228,817
Total non-current assets pledged as security	1,442,401	1,380,676
Current assets		
Properties under development and completed properties held for sale	19,794,692	15,896,943
Total assets pledged as security	21,237,093	17,277,619

The Company's equity interests in certain subsidiaries were pledged as security for borrowing of the Group at 31 December 2019.

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37. Transaction with non-controlling interests**(a) Acquisition of additional interest in subsidiaries**

During the year ended 31 December 2019, the Group acquired additional equity interest of certain subsidiaries, the Group recognised a decrease in non-controlling interests and a decrease in equity attributable to owners of the Company. The differences between the carrying amounts of non-controlling interest acquired and consideration paid are set out below:

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Total carrying amount of non-controlling interests acquired	206,427	19,913
Less: total consideration paid and payable to non-controlling interests	(358,953)	(108,947)
Total difference recognised within equity	(152,526)	(89,034)

(b) Disposal of ownership interest in subsidiaries without change of control

During the year ended 31 December 2019, the Group disposed of certain equity interest in subsidiaries without change of control. The Group recognised an increase in non-controlling interests and a decrease in equity attributable to owners of the Company as set out below.

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Consideration received from non-controlling interests	270,289	49,410
Less: carrying amounts of the equity interest disposed of	(246,596)	(51,528)
Total difference recognised within equity	23,693	(2,118)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

37. Transaction with non-controlling interests (continued)

- (c) The aggregate effect of the above transactions with non-controlling interests on the equity attributable to owners of the Company are as follows:

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Changes in equity attributable to owners of the Company arising from:		
– Acquisition of additional interest in subsidiaries	(152,526)	(89,034)
– Disposal of ownership interest in subsidiaries without loss of control	23,693	(2,118)
	(128,833)	(91,152)

38. Related party transactions

- (a) The ultimate holding company of the Company is Tak Shin International Limited (BVI), and the ultimate controlling shareholder of the Company is Mr. Hu.

(b) Key management compensation

Key management compensation for the year ended 31 December 2019 and 2018 are set out below:

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Key management compensation		
– Salaries and other employee benefits	10,066	6,709
– Pension costs	533	491
	10,599	7,200

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38. Related party transactions (continued)**(c) Balances with related parties**

As at 31 December 2019 and 2018, the Group had the following material balances with related parties:

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Trade receivables from related parties:		
Joint ventures	1,047	756
Associates	31,870	19,070
Entities controlled by Mr. Hu	1,102	930
	34,019	20,756
Amounts due from related parties:		
Joint ventures	914,601	487,017
Associates	1,997,968	1,910,582
Entities controlled by Mr. Hu	6,099	381,223
	2,918,668	2,778,822
Amounts due to related parties:		
Joint ventures	821,489	952,470
Associates	3,091,581	3,061,063
Entities controlled by Mr. Hu	71,940	14,044
	3,985,010	4,027,577
Less: non-current portion of amounts due to related parties	(500,000)	–
Current portion of amounts due to related parties	3,485,010	4,027,577
Trade payables to related parties:		
Entities controlled by Mr. Hu	59,825	26,459

As at 31 December 2019, amounts due to joint ventures and associates included non-current portion of RMB500,000,000 (31 December 2018: none) which bear interest rates of 4.35% per annum and were repayable after 1 year, and current portion of RMB231,950,000 (31 December 2018: RMB759,505,000) which carried interest rate of 4.35% per annum (31 December 2018: 4.35% to 13% per annum) and were repayable based on the contractual agreements (31 December 2018: same).

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38. Related party transactions (continued)**(c) Balances with related parties (continued)**

As at 31 December 2019, amounts due from joint ventures and associates totalling RMB332,293,000 (31 December 2018: RMB36,300,000) bear interest rates ranging from 7% to 12% per annum (31 December 2018: 12% per annum) and were repayable on demand or based on the contractual agreements (31 December 2018: same).

The rest of amounts due from/to related parties mainly represented the cash advances which were unsecured, interest free and repayable on demand.

(d) Transactions with related parties

During the year ended 31 December 2019 and 2018, the Group had the following significant transactions with related parties.

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
(i) Entities controlled by Mr. Hu		
Receiving of property management services	59,779	19,156
Receiving of construction and decoration services	171,552	113,462
Sales of properties	11,366	–
Purchase of financial assets at fair value through profit or loss	–	301,290
Receiving of financing and management services	–	48,642
Interest income	–	11,593
Interest expenses	–	23,006
(ii) Joint ventures		
Rendering of management and consulting services	1,862	4,137
Interest income	19,143	5,572
Interest expenses	4,995	8,801
(iii) Associates		
Rendering of management and consulting services	50,000	19,086
Interest income	6,078	25,151
Interest expenses	62,477	2,035
(iv) An entity jointly controlled by Mr. Hu		
Purchase of equity interests of a subsidiary	353,550	–
(v) Close family members of Mr. Hu		
Sales of properties	1,483	3,145

The prices for the above transactions were determined in accordance with the terms agreed by the relevant contracting parties.

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38. Related party transactions (continued)

(e) Guarantee with related parties

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Provision of guarantee for borrowings of related parties		
– Joint ventures	1,271,250	157,500
– Associates	1,197,850	1,429,910
	2,469,100	1,587,410
Received guarantee from Mr. Hu or Mr. Hu and his spouse in connection with the Group's borrowings	–	1,287,000

39. Particulars of subsidiaries

Particulars of the principal subsidiaries of the Group as at 31 December 2019 and 2018 are set out as below.

Name of companies	Date of incorporation/ establishment	Type of legal status	Place of operation/ establishment	Principal activities	Registered/ Issued capital RMB	Paid up capital RMB	Proportion of ownership interest 31 December	
							2019	2018
德信地產集團有限公司 Dexin Real Estate Group Co., Ltd.	1 September 1995	Limited liability company	The PRC	Property development	3,390,000,000	3,386,718,750	100%	100%
瑞安市德信置業有限公司 Ruian Dexin Real Estate Co., Ltd.	18 February 2016	Limited liability company	The PRC	Property development	20,000,000	20,000,000	75%	75%
德信地產(麗水)有限公司 Dexin Real Estate (Lishui) Co., Ltd. (Note a)	13 October 2016	Limited liability company	The PRC	Property development	50,000,000	50,000,000	51%	51%
浙江德廣置業有限公司 Zhejaing Deguang Real Estate Co., Ltd. (Note a)	23 August 2016	Limited liability company	The PRC	Property development	100,000,000	100,000,000	55%	51%
浙江德鴻置業有限公司 Zhejiang Dehong Real Estate Co., Ltd.	29 August 2017	Limited liability company	The PRC	Property development	200,000,000	200,000,000	60%	54%
慈溪市梁建置業有限責任公司 Cixi Liangjian Real Estate Co., Ltd. (Note a)	4 July 2017	Limited liability company	The PRC	Property development	50,000,000	50,000,000	40%	34%
德清錦鴻置業有限公司 Deqing Jinhong Real Estate Co., Ltd. (Note b)	9 October 2017	Limited liability company	The PRC	Property development	200,000,000	200,000,000	34%	32%

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39. Particulars of subsidiaries (continued)

Name of companies	Date of incorporation/ establishment	Type of legal status	Place of operation/ establishment	Principal activities	Registered/ Issued capital RMB	Paid up capital RMB	Proportion of ownership interest 31 December	
							2019	2018
浙江德晨置業有限公司 Zhejiang Dechen Real Estate Co., Ltd.	16 October 2017	Limited liability company	The PRC	Property development	200,000,000	200,000,000	65%	63%
湖州德越置業有限公司 Huzhou Deyue Real Estate Co., Ltd.	11 October 2017	Limited liability company	The PRC	Property development	50,000,000	50,000,000	80%	96%
台州德信置業有限公司 Taizhou Dexin Real Estate Co., Ltd.	16 June 2017	Limited liability company	The PRC	Property development	10,000,000	10,000,000	100%	100%
台州德新置業有限公司 Taizhou Dexinyuan Real Estate Co., Ltd. (Note b)	19 January 2017	Limited liability company	The PRC	Property development	50,000,000	50,000,000	27%	27%
德信地產(寧波)有限公司 Dexin Real Estate (Ningbo) Co., Ltd. (Note b)	24 February 2016	Limited liability company	The PRC	Property development	50,000,000	50,000,000	30%	30%
上饒市合韜置業有限公司 Shangrao Hetao Real Estate Co., Ltd. (Note b)	16 March 2018	Limited liability company	The PRC	Property development	280,000,000	280,000,000	47%	27%
溫州德信東宸置業有限公司 Wenzhou Dexin Dongchen Real Estate Co., Ltd. (Note b)	12 July 2018	Limited liability company	The PRC	Property development	500,000,000	500,000,000	23%	26%
杭州德信錦玉置業有限公司 Hangzhou Dexin Jinyu Real Estate Co., Ltd. (Note b)	13 July 2018	Limited liability company	The PRC	Property development	300,000,000	300,000,000	24%	26%
衢州德信置業有限公司 Quzhou Dexin Real Estate Co., Ltd. (Note a)	26 June 2017	Limited liability company	The PRC	Property development	50,000,000	50,000,000	26%	24%
衢州站前東路碧桂園房地產開發有限公司 Quzhou Zhanqiangonglu Country Garden Real Estate Development Co., Ltd. (Note a)	29 June 2017	Limited liability company	The PRC	Property development	10,000,000	10,000,000	26%	24%

The English names of PRC companies referred to above in this note represent management's best efforts in translating the Chinese names of those companies as no English names have been registered or available.

- (a) The Group has controlled these companies through agreements entered into with certain minority shareholders pursuant to which the minority shareholders confirmed to act in accordance with the Group in decision on relevant activities including but not limited to budget, pricing and promotion strategies of these companies. As the Group has exposure or rights to variable returns from its involvement with those companies, and has the ability to affect those returns through its majority voting position and the existing rights to direct the relevant activities, these companies are thus accounted for as subsidiaries of the Group.
- (b) The Group indirectly hold the equity interest in these companies through layers of holding structures and the Group has control over the board of directors of these companies who can make majority votes to decide the key financial and operating decisions of these companies. The proportion of equity interests as disclosed above represent the effective equity interests attributable to the Group.

Notes to the Consolidated Financial Statements

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40. Balance sheet and reserve movements of the Company

<i>Note</i>	31 December 2019 RMB'000	31 December 2018 RMB'000
ASSETS		
Non-current assets		
	2,851,096	–
	1,738,541	1,738,541
	4,589,637	1,738,541
Current assets		
	373,488	272
	322	322
	17,538	10,239
	391,348	10,833
Total assets	4,980,985	1,749,374
EQUITY		
Equity attributable to owners of the Company		
	9,200	6,848
<i>a</i>	2,748,255	1,700,746
	2,757,455	1,707,594
LIABILITIES		
Current liabilities		
	–	15,732
	2,993	–
	58,204	26,048
	61,197	41,780
Non-current liabilities		
	2,162,333	–
Total liabilities	2,223,530	41,780
Total equity and liabilities	4,980,985	1,749,374

The balance sheet of the Company was approved by the Board of Directors on 19 March 2020 and was signed on its behalf.

Hu Yiping
Director

Feng Xia
Director

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

40. Balance sheet and reserve movements of the Company (continued)**(a) Reserve movements of the Company**

	Share premium RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000
At 16 January 2018 (date of incorporation)	–	–	–	–
Deemed contribution	67,662	1,660,244	–	1,727,906
Loss for the period	–	–	(27,160)	(27,160)
At 31 December 2018	67,662	1,660,244	(27,160)	1,700,746
At 31 December 2018	67,662	1,660,244	(27,160)	1,700,746
Issuance of ordinary shares upon initial public offering	1,426,936	–	–	1,426,936
Share issuance costs	(46,481)	–	–	(46,481)
Capitalisation of share premium from global offering	(335)	–	–	(335)
Interim dividends for 2019	(270,134)	–	–	(270,134)
Loss for the year	–	–	(62,477)	(62,477)
At 31 December 2019	1,177,648	1,660,244	(89,637)	2,748,255

41. Subsequent events

- (a) The Company has issued US\$200 million senior notes bearing an interest rate of 11.875% per annum due in April 2022 at an issue price of 97.90% on 23 January 2020. The senior notes were listed on the Hong Kong Stock Exchange on 24 January 2020.
- (b) Since early 2020, the epidemic of Coronavirus Disease 2019 (the “COVID-19 outbreak”) has spread across China and other countries and it has affected the business and economic activities of the Group to some extent.

The overall financial effect of the above cannot be reliably estimated as of the date of these consolidated financial statements.

The Group will pay close attention to the development of the COVID-19 outbreak and continue to evaluate its impact on the leasing market, the financial position and operating results of the Group.

Financial Summary

RESULTS

	Year ended 31 December				2019 RMB'000
	2015 RMB'000	2016 RMB'000	2017 RMB'000	2018 RMB'000	
Revenue	5,695,479	6,979,701	6,553,989	8,212,074	9,512,995
Profit before income tax	115,355	798,392	1,218,061	2,866,649	2,981,214
Income tax expenses	(50,696)	(284,981)	(378,692)	(1,025,602)	(724,587)
Profit for the year	64,659	513,411	839,369	1,841,047	2,256,627
Other comprehensive income	–	–	–	–	–
Total comprehensive income for the year	64,659	513,411	839,369	1,841,047	2,256,627
Attributable to:					
Owners of the Company	30,950	330,809	737,543	1,453,456	1,556,514
Non-controlling interests	33,709	182,602	101,826	387,591	700,113
	64,659	513,411	839,369	1,841,047	2,256,627

ASSETS AND LIABILITIES

	As at 31 December				2019 RMB'000
	2015 RMB'000	2016 RMB'000	2017 RMB'000	2018 RMB'000	
Total assets	15,882,662	21,178,677	35,417,221	49,609,447	67,287,000
Total liabilities	(14,688,328)	(19,639,275)	(33,233,472)	(42,740,810)	(56,552,272)
Net assets	1,194,334	1,539,402	2,183,749	6,868,637	10,734,728
Owners of the Company	838,790	1,084,436	1,514,799	2,473,466	5,013,485
Non-controlling interests	355,544	454,966	668,950	4,395,171	5,721,243
Total equity	1,194,334	1,539,402	2,183,749	6,868,637	10,734,728