GLORY国瑞

GUORUI PROPERTIES LIMITED
國瑞置業有限公司

2019
年報 Annual Report

(於開曼群島以「Glory Land Company Limited (国瑞置业有限公司)」的名稱註冊成立的有限公司，並以「Guorui Properties Limited」的名稱在香港經營業務)

(Incorporated in the Cayman Islands with limited liability under the name of "Glory Land Company Limited (国瑞置业有限公司)" and carrying on business in Hong Kong as "Guorui Properties Limited")

香港聯合交易所股份代號 Stock Code : 2329

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Financial & Operation Highlights

Financial Highlights (RMB million)	2019	2018	Change (%)
Contracted sales	**23,915**	21,913	9
Revenue	**8,093**	6,612	22
Gross profit	**2,139**	2,599	–18
Profit for the year	**1,220**	1,569	–22
Profit attributable to owners of the Company	**860**	1,009	–15
Total assets	**82,166**	75,680	9
Equity attributable to owners of the Company	**12,545**	11,903	5
Cash resources[1]	**2,216**	1,972	12
Financial Information per share			
Earnings per share (RMB cents)			
– Basic	**19.34**	22.70	–15
– Diluted	**19.33**	22.60	–14
Dividend per share (HK cents)	**3.76**	5.64	–33
Financial Ratios[2]			
Gross profit margin (%)	**26%**	39%	–13
Net profit margin (%)	**15%**	24%	–9
Net gearing ratio (%)[3]	**135%**	150%	–15
Dividend payout ratio (%)	**17%**	22%	–5
Current ratio (times)	**1.4**	1.3	10
Operational Highlights (thousand sq.m.)			
Landbank	**15,539**	16,732	–7
Saleable GFA sold	**1,278**	1,304	–2
Completed GFA available for sale	**591**	574	3

1 Including the restricted bank deposits
2 Changes in the financial ratios are the increase or decrease in percentage points
3 Total interest bearing debt minus cash resources divided by total equity

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors, I am pleased to present the annual results of the Group for the Reporting Period.

ANNUAL RESULTS AND REVIEW FOR 2019

Annual Results

During the Reporting Period, the revenue of the Group was RMB8,093.2 million, of which the revenue from property development was RMB7,256.7 million, revenue from property leasing was RMB608.5 million and the profit was approximately RMB1,219.6 million, of which the profit attributable to owners of the Company was RMB859.8 million.

Market Review

In 2019, China's economic growth continued to slow down, but the central government's determination to curb speculation and adhere to the requirement that "houses are built to be inhabited, not for speculation" remained unchanged. At the meeting of the Political Bureau of the CPC Central Committee, it was first suggested that "real estate should not be used as a short-term stimulus to the economy". The real estate market went ahead with resilience under pressure, with the sales of RMB16 trillion for the year, representing a year-on-year increase of 6.5%, and the GFA sold of 1.72 billion sq.m., representing a year-on-year slight decrease of 0.1%. The industry size continued to grow.

The differentiation at the city level began to be more obvious: In first-tier cities, markets were more resilient; in second-tier cities, supply and demand remained stable, but the differentiation between second-tier cities increased; in third- and fourth-tier cities, there was a slight decline, but markets continued to perform well in more developed third- and fourth-tier cities in the Yangtze River Delta and the Pearl River Delta. Policies on the financing of real estate enterprises were published frequently, placing stricter control on bonds, trust and ABS, etc., significantly weakening the financing capacities of real estate enterprises. Real estate enterprises stepped up sales promotion to recover their capitals, and reduced access to land, thus cooling the land auction market.

Property Development

Focus on Stability Breakthroughs in Sales and Quality Improvement

Against the backdrop of continued industry adjustment and pressure on sales, the Group adapted to changes, taking flexible strategies. It adjusted the sales pace in line with "one policy for one property" and enhanced sales efforts for projects and capital recovery, thus maintaining steady growth during the year. During the Reporting Period, the contracted sales was approximately RMB23,915.4 million, representing an increase of 9.1% compared with the same period of last year; the contracted GFA sold was 1,278,010 sq.m., representing a decrease of 2.0% compared with the same period of last year; the average contracted selling price was RMB18,713 per sq.m. representing an increase of 11.4% compared with the same period of last year. In terms of contribution by cities: Performance in Beijing, Foshan and Suzhou was brilliant, with a month-by-month growth trend. The annual contracted sales were approximately RMB11,040.0 million, RMB2,307.5 million and RMB2,040.9 million respectively, accounting for 46.2%, 9.7% and 8.5% of the Group's total contracted sales respectively. Through the implementation of policies in line with the conditions of cities and the optimization of its product mix, the Group met market demands at different levels, thus increasing its market share.

In terms of contribution by regions, the Group insisted on deep development in regions, mainly Beijing-Tianjin-Hebei, Yangtze River Economic Zone and the Guangdong-Hong Kong-Macao Greater Bay Area, thus maintaining stable sales. Beijing Glory Villa, Fengtai Xiaowayao (豐台小瓦窑), Daxing Ruifuyuan (大興瑞福園), Haidian Cuihu (海澱翠湖) Project, Chongming Island Guorui Yingtai (崇明島國瑞瀛台), Suzhou Glory Villa (蘇州國瑞熙墅), Foshan Guohua New Capital (佛山國華新都), Jiangmen Shanhuhai (江門山湖海), Yongqing Eco-town (永清生態城), Guizhou Tongren Intelligent Eco-town (貴州銅仁智慧生態城), Hainan Wanning Glory City (海南萬寧國瑞城), Shenyang Glory Xiyue (瀋陽國瑞•熙悦) and other projects saw satisfactory sales. On December 31, 2019, the Group was accredited as 2019 China's Top 100 Real Estate Enterprises in Sales published by CRIC.

Investment Properties

Rental income increased by 19.3% year-on-year with promising prospects for high-quality properties

During the Reporting Period, the total rental income of the Group was RMB608.5 million, representing an increase of 19.3% as compared to the corresponding period of the previous year. Rental income is expected to maintain steady growth over the next two to five years, which is mainly benefited from the Group's 11 investment properties situated at the prime locations of 7 core cities including Beijing and Shenzhen with total planned GFA of approximately 981,630 sq.m.. Calculated by the area under operation, the operating area in Beijing accounted for about 53%.

Last July, Glory Shopping Mall celebrated its 10th anniversary, carrying out a series of colorful activities. It has become a fashionable gathering place in Beijing. In October, Foshan Glory Commercial Center (Phase I), a Lingnan cultural landmark, with a GFA of 100,000 sq.m., was commercially launched. It highlighted a commercial block with characteristics of Lingnan culture. Eight main ancient historical and cultural buildings in Foshan were restored to create the exquisite life experience with Lingnan characteristics of "old-meets-new". In December, Hademen Plaza adjacent to Glory Shopping Mall launched its soft opening. The project, located in the most glamorous Chongwen commercial district in Beijing and just 1 km away from Tian'anmen Square, is included in the "China New Hundred Urban Landmark Architecture" project.

Land Reserves

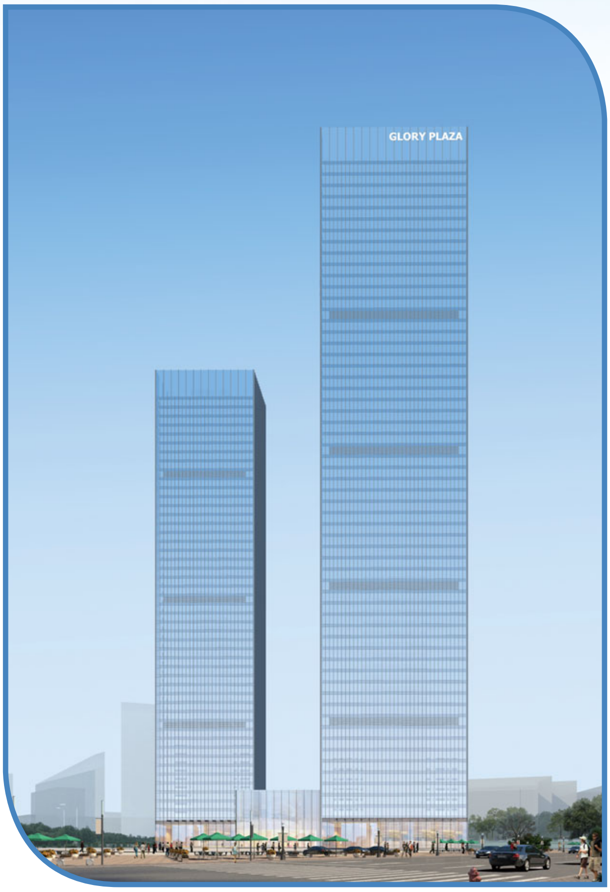
In 2019, due to continued market uncertainty and pressure on the financing of real estate enterprises, investors in the industry tended to be more cautious, and the Group's land investment also slowed down compared with the previous two years. Under the strategy of "quality improvement and pace control", the Group adopted stricter requirements on profit margins and risk control of project investments, and actively slowed down its pace for stability, and moved towards high-quality and steady growth. As at December 31, 2019, the total planned GFA of the land reserves of the Group was 15.54 million sq.m., with the average land cost of approximately RMB2,830.5 per sq.m.

Meanwhile, the Group actively undertook primary land development projects as strategic business to obtain potential land reserve. The Group has been undertaking primary land development projects and products developed under urban renewal and the "urban redevelopment" policy in Beijing, Shenzhen and Shantou. During the Reporting Period, the development area of primary land development projects and urban redevelopment projects was 5.8 million sq.m., 51.6% of which was the area in Shenzhen. The Central Committee of the Communist Party of China supported building Shenzhen into a pilot demonstration area of socialism with Chinese characteristics. The Group, originated from Shantou of Guangdong, has established leading advantages in the Pearl River Delta and Guangdong-Hong Kong-Macao Greater Bay Area, with land reserves of 9.27 million sq.m..

The urban renewal classification projects, which features small investment and high profit margin, is an important source for the Group to replenish the land reserve in the Greater Bay Area. In the next few years, the Group's urban redevelopment projects and urban renewal projects will turn into sales and become its new profit growth drivers.

Financing Channel

Through comprehensive utilization of the diversified advantages of domestic and overseas financing channels, the Group has made full use of various financial means to continuously optimize fund management, reduce financing costs, optimize debt structure and effectively control exchange rate risks. At the same time, it will further strengthen the risk control function, improve the financial risk monitoring system, and properly give risk warning and carry out risk prevention.



During the Reporting Period, the Company successfully issued US$455,000,000 13.5% senior notes due February 28, 2022 which are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). In the meantime, during the Reporting Period, the Company completed full redemption in cash of US$250,000,000 10.2% senior notes due March 1, 2019 and US$300,000,000 7% senior notes due March 21, 2020 whose holders exercised their redemption options. On March 21, 2020, the Company completed full redemption in cash of US$300,000,000 7% senior notes due March 21, 2020, the aggregate consideration for the redemption is equivalent to the outstanding aggregate principal amount of the notes plus accrued interest to the maturity date, totalling US$31,246,650.00.

During the Reporting Period, the Group's interest-bearing liabilities due within one year decreased by 41.2% as compared to December 31, 2018.

As at December 31, 2019, the Group's cash, restricted bank deposits and bank balances were approximately RMB2,216.2 million, representing an increase of 12.4% as compared to RMB1,972.3 million as at December 31, 2018. During the Reporting Period, the Group's net debt to equity ratio decreased by 15.9 percentage points year-on-year.

OUTLOOK FOR 2020

2020 is the final year for China to complete the process of building a moderately well-off society in all aspects, as well as for the "13th Five-Year Plan". The central government insisted on its policies of "houses are built to be inhabited, not for speculation", "city-specific policies" and "keep land prices, housing prices and expectations stable". At the beginning of the new year, the sudden outbreak of novel coronavirus pneumonia had a certain impact on the social economy in the short term. With regard to the real estate industry, the outbreak accelerated the shift from industry differentiation to ecological reconstruction, in addition to disrupting the sales pace of real estate enterprises and putting further financial pressure on them.

In February, governments in many regions published measures to delay the collection of taxes and provide credit, which would ease the cash flow pressure on real estate enterprises and reduce financial risks in the industry. In the medium and long term, unlocking the demand accumulated during the outbreak will provide certain support for the recovery of the market. During the period, the Group advanced project sales, commencement and resumption of work, financing and other work in an orderly manner. It launched the Internet sales platform, "Fangyun (房雲)", to fill the gap in the housing demand of citizens arising out of the outbreak of novel coronavirus pneumonia.

The Group believes that real estate will be in a period of industry adjustment in the next 3-5 years or more. In the new era, the construction of world-class city clusters and the Guangdong-Hong Kong-Macao Greater Bay Area has been advanced in an all-round way, and 5G, life sciences, technology and finance, block chain and other emerging industries are in full swing. With the rise of emerging industries, traditional industries are facing transformation. While focusing on its principal real estate business and consolidating its fundamentals, the Group focuses on such sectors as property, commerce, industry, health care and aging, and moderately expands relevant industrial chains to seek business synergy, and add new impetus to enterprise development.

The Group adapts to the development of the times, improving its product quality and enhancing product innovation and service capabilities around customer needs. It empowers its products with technology, upgrading residential experience and Glory smart residential products, thus reshaping products and the lifestyle. In addition, through the integration of various resources such as the Internet of Things, artificial intelligence and community operations, it develops innovative products such as smart communities, smart new cities, smart manors, to provide more comfortable and convenient living services and help develop Glory into a better life service provider.

Under tight financial policies, the Group gives priority to ensuring stable cash flow, strengthening investment risk control and carefully selecting high-quality projects for investment. In the future, the Group will continue to strengthen destocking, capital recovery and debt reduction to find a balance between scale, profit and risk.

In the era of inventory, efforts should be made to carry out innovation, ride the wave and seek a breakthrough. We focus on the integrated development of science and technology, capital and industry, embrace innovation and succeed through differentiation. We embrace change and are cautiously optimistic about the future. We closely follow the trend of the times, continuously carrying out upgrades to meet challenges.

ACKNOWLEDGEMENT

Finally, on behalf of the Board, I would like to express our sincere gratitude to all of our employees for their diligence and endeavors, and our sincere appreciation to investors, customers and business partners for their strong support and confidence in the Group.

Zhang Zhangsun
Chairman

Shenzhen, the PRC
April 28, 2020

Management Discussion and Analysis

BUSINESS REVIEW

During the Reporting Period, the Group's total contracted sales were approximately RMB23,915.4 million, representing an increase of 9.1% as compared to the year ended December 31, 2018. The Group's revenue was RMB8,093.2 million, representing an increase of 22.4% as compared to the year ended December 31, 2018. Revenue from property development was RMB7,256.7 million, representing an increase of 22.5% as compared to the year ended December 31, 2018. During the Reporting Period, the Group's gross profit was RMB2,138.7 million, and the net profit was RMB1,219.6 million, of which RMB859.8 million was attributable to the owners of the Company.

Contracted Sales

During the Reporting Period, the contracted sales of the Group amounted to approximately RMB23,915.4 million, representing an increase of 9.1% as compared to RMB21,912.8 million for the year ended December 31, 2018. The total contracted GFA was approximately 1,278,010 sq.m., representing a decrease of 2.0% as compared to the corresponding period of the previous year. The contracted ASP was RMB18,713 per sq.m., representing an increase of 11.4% as compared to RMB16,804 per sq.m. for the year ended December 31, 2018.

The following table sets out the geographic breakdown of the Group's contracted sales for the years ended December 31, 2019 and 2018:

City	2019 Contracted Sales (RMB million)	2019 Percentage of Total Contracted Sales (%)	2018 Contracted Sales (RMB million)	2018 Percentage of Total Contracted Sales (%)
Beijing	**11,040.0**	**46.2**	8,434.0	38.5
Haikou	**381.9**	**1.6**	769.2	3.5
Wanning	**54.4**	**0.2**	28.5	0.1
Langfang	**357.1**	**1.5**	823.5	3.8
Zhengzhou	**95.6**	**0.4**	119.1	0.5
Shenyang	**853.4**	**3.6**	652.3	3.0
Foshan	**2,307.5**	**9.7**	1,627.7	7.4
Shantou	**544.9**	**2.3**	1,531.3	7.0
Suzhou	**2,040.9**	**8.5**	1,422.9	6.5
Chongming Island	**748.0**	**3.1**	2,013.8	9.2
Xi'an	**308.9**	**1.3**	–	–
Guizhou	**454.7**	**1.9**	83.3	0.4
Wuxi	**670.2**	**2.8**	300.0	1.4
Chongqing	**742.2**	**3.1**	477.0	2.2
Shijiazhuang	**456.1**	**1.9**	–	
Jiangmen	**513.4**	**2.2**	200.7	0.9
Tianjin	**564.4**	**2.4**	780.1	3.6
Sanya	**390.4**	**1.6**	–	–
Handan	**1,391.4**	**5.8**	–	–
Cooperation project	**–**	**–**	2,649.4	12.1
Total	**23,915.4**	**100.0**	21,912.8	100.0

Property Projects

According to the stage of development, the Group classifies its property projects into three categories: completed properties, properties under development and properties held for future development. As some of its projects comprise multiple-phase development on a rolling basis, a single project may include different phases at various stages of completion, under development or held for future development.

As at December 31, 2019, the Group had completed a total GFA of 7,426,651 sq.m. and had land reserves with a total GFA of 15,538,353 sq.m., comprising (a) a total GFA of 1,211,335 sq.m. completed but remaining unsold, (b) a total GFA of 7,361,292 sq.m. under development, and (c) a total planned GFA of 6,965,729 sq.m. held for future development.

The Group selectively retained the ownership of a substantial amount of self-developed commercial properties with strategic value to generate stable and sustainable income. As of December 31, 2019, the Group had investment properties with a total GFA of 981,630 sq.m. in core locations in seven cities including Beijing, Shenzhen, Shengyang, Shantou and Foshan.

Properties Under Development and Properties Held for Future Development

The following table sets out a summary of information on the Group's projects and project phases under development and properties held for future development as at December 31, 2019:

	Project	Project Type	Site Area (sq.m.)	UNDER DEVELOPMENT GFA Under Development (sq.m.)	Saleable/ Rentable GFA (sq.m.)	GFA Pre-sold (sq.m.)	HELD FOR FUTURE DEVELOPMENT Planned GFA (sq.m.)	GFA of Land Use Rights Certificates Not Yet Obtained (sq.m.)	Ownership Interest (%)
Beijing									
1	Beijing Glory Villa East	Residential	45,713	167,497	124,177	–	–	–	100
2	Beijing Glory Villa West	Residential	26,335	91,316	77,676	26,599	–	–	80
3	Daxing Yinghai Project	Residential	63,030	203,071	192,244	106,983	–	–	80
4	Fengtai Xitieying	Residential	65,650	335,456	285,069	107,935	–	–	16
5	Haidian Cuihu (海澱翠湖)	Residential	82,336	271,381	264,854	73,021	–	–	28
6	Fengtai Xiaowayao (豐台小瓦窑)	Residential	27,200	149,196	129,237	81,176	–	–	40.8
Haikou									
1	Hainan Yunlong	Mixed–use	1,084,162	140,640	130,342	3,581	646,972	–	80
Wanning									
1	Wanning Glory City (Phases II to III)	Residential	143,560	17,201	17,080	–	207,886	–	80
Langfang									
1	Yongqing Glory City (Phases I (partial) to II)	Residential	410,569	95,313	8,119	–	782,877	–	80
2	Yongqing Glory City (Phases IV (partial))	Residential	217,726	217,843	157,507	–	423,031	–	100

Project	Project Type	Site Area (sq.m.)	UNDER DEVELOPMENT GFA Under Development (sq.m.)	Saleable/ Rentable GFA (sq.m.)	GFA Pre-sold (sq.m.)	HELD FOR FUTURE DEVELOPMENT Planned GFA (sq.m.)	GFA of Land Use Rights Certificates Not Yet Obtained (sq.m.)	Ownership Interest (%)
Zhengzhou								
1 Zhengzhou Glory City (Phase VIII, School)	Mixed-use	11,235	30,535	30,535	–	–	–	80
Shenyang								
1 Shenyang Glory City (Phase III (partial), Phases V to VII)	Mixed-use	181,414	420,109	380,447	121,880	78,204	–	80
Foshan								
1 Foshan Guohua New Capital (Phase II)	Residential	16,237	75,591	62,529	13,448	–	–	44
2 Foshan Glory Shengping Commercial Centre	Mixed-use	79,311	310,420	220,237	10,035	–	–	80
3 Foshan Xiqiao	Residential	63,952	265,241	255,965	5,529	–	–	80
4 Canglonghuafu (藏瓏華府)	Mixed-use	74,727	506,333	376,076	18,272	–	–	35
Xi'an								
1 Glory • Xi'an Financial Center	Mixed-use	19,162	289,978	211,371	18,557	–	–	80
Shantou								
1 Convention Hotel	Mixed-use	28,439	186,799	136,357	45,109	–	–	100
2 Shantou Glory Hospital	Hospital	100,001	305,254	–	–	54,900	–	100
Shenzhen								
1 Shenzhen • Nanshan	Commercial	20,163	42,763	42,763	–	274,213	–	80
Suzhou								
1 Suzhou Glory Villa	Mixed-use	51,205	168,745	160,909	65,422	–	–	80
Qidong								
1 Chongming Island	Residential	1,211,544	321,438	292,722	275,936	761,358	–	72
2 Butterfly Hotel	Hotel	64,000	53,656	–	–	–	–	100
Wuxi								
1 Glory Luoshe Xincheng (國瑞洛社新城)	Residential	30,726	90,438	90,381	60,478	–	–	39

			UNDER DEVELOPMENT			HELD FOR FUTURE DEVELOPMENT		
Project	Project Type	Site Area *(sq.m.)*	GFA Under Development *(sq.m.)*	Saleable/ Rentable GFA *(sq.m.)*	GFA Pre-sold *(sq.m.)*	Planned GFA *(sq.m.)*	GFA of Land Use Rights Certificates Not Yet Obtained *(sq.m.)*	Ownership Interest *(%)*
Tongren								
1 Guorui Intelligent Eco-town Project (國瑞智慧生態城項目)	Mixed-use	780,430	230,284	176,204	90,806	1,643,969	1,436,370	80
Tianjin								
1 Ruichengjiayuan (瑞城嘉園)	Residential	123,556	162,697	139,413	–	–	–	35
Chongqing								
1 Elegant Villa (書香溪墅)	Residential	48,866	91,555	95,068	–	–	–	51
Jiangmen								
1 Shanhuhaizhuangyuan (山湖海莊園)	Mixed-use	414,904	181,172	181,172	90,165	543,988	–	52
Handan								
1 Handan Glory City (邯鄲國瑞城)	Mixed-use	161,736	844,696	713,325	180,804	–	–	35
Enping								
1 Sijiquancheng (四季泉城)	Residential	106,091	92,854	92,854	17,990	250,801	–	68
2 Wenquancheng (溫泉城)	Residential	49,313	–	–	–	98,520	–	68
3 Wenquan Garden (溫泉花園)	Residential	69,626	–	–	–	139,252	–	68
Sanya								
1 Hongtangwan (紅塘灣)	Mixed-use	96,737	183,318	107,435	11,189	–	–	35
Shijiazhuang								
1 Fuguicheng (富貴城)	Mixed-use	431,927	818,502	399,937	207,768	1,059,758	1,059,758	51
Total		6,401,583	7,361,292	5,552,005	1,632,683	6,965,729	2,496,128	
Total Attributable GFA		4,513,496	4,481,664	3,264,846	942,429	5,088,985	1,689,573	

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

Project	Types of Properties	Total GFA Held for Investment (sq.m.)	Leasable GFA (sq.m.)	Effective Leased GFA (sq.m.)	Total Rental Income 2019 (RMB'000)	Total Rental Income 2018 (RMB'000)
Beijing Glory City	Shopping mall	84,904	46,366	43,769		
	Offices	8,520	8,520	5,291		
	Car parking spaces	26,324	26,324	21,586	261,616	251,967
	Retail outlets	33,032	29,546	21,025		
	Siheyuan	7,219	7,219	4,340		
Eudemonia Palace	Car parking spaces	3,431	3,431	3,431		
Beijing Fugui Garden	Shopping mall	26,146	26,146	20,315	43,081	39,492
	Retail outlets	3,170	3,170	2,594		
Beijing Hademen Center	Commercial	15,671	14,703	9,977		
	Offices	75,171	69,830	65,449	219,018	154,987
	Car parking spaces	29,040	23,917	2,832		
Beijing Bei Wu Lou	Offices	10,916	10,916	10,916	23,629	23,287
Shenyang Glory City	Specialized markets	50,841	50,841	17,172	7,564	6,417
	Retail outlets	58,972	58,972	12,260		
Shantou Glory City	Specialized markets	62,398	62,398	61,146	28,235	27,579
Foshan Glory Shengping Commercial Center	Retail outlets	24,267	24,267	14,489		
	Car parking spaces	10,722	10,722	–	7,843	45
Foshan Glory Shengping Commercial Center*	Retail outlets	225,531	–	–		
	Car parking spaces				–	–
Shenzhen • Nanshan*	Offices	42,763	–	–	–	–
Haikou Glory City	Offices	27,677	27,677	26,399	17,532	6,417
Handan Ruicheng Commercial Building*	Commercial	154,915	–	–	–	–
Total		981,630	504,965	342,991	608,518	510,191

* Projects currently under construction

Completed Properties

The following table sets out a summary of information on the Group's completed projects and project phases as at December 31, 2019:

Project		Project Type	Site Area (sq.m.)	Completed GFA (sq.m.)	GFA Available for Sale or Use by Us (sq.m.)	GFA Available for Sale (sq.m.)	GFA Held for Investment (sq.m.)	GFA Sold (sq.m.)	Other GFA (sq.m.)	Ownership Interest (%)
Beijing										
1	Beijing Fugui Garden	Mixed-use	87,075	507,857	47,958	4,859	29,316	421,458	9,125	91
2	Beijing Glory City	Mixed-use	117,473	881,590	62,872	15,839	159,999	640,540	18,180	80
3	Eudemonia Palace	Residential	14,464	33,102	3,431	–	3,431	24,931	1,309	80
4	Beijing Hademen Plaza	Commercial	12,738	140,057	14,817	–	119,882	–	5,358	80
5	Glory Villa West	Residential	46,959	148,491	54,706	45,796	–	75,370	18,415	80
6	Glory Villa East	Residential	48,486	144,526	43,908	27,323	–	83,025	17,592	100
Haikou										
1	Haikuotiankong Glory City	Mixed-use	141,375	811,124	167,058	37,331	27,677	578,730	37,658	80
2	Haidian Island Glory Garden	Residential	65,643	71,863	14,930	659	–	56,352	581	80
3	Glory Riverview Garden	Residential	36,634	21,658	506	506	–	20,068	1,085	80
4	Haikou West Coast Glory	Residential	34,121	21,971	1,824	1,824	–	18,867	1,281	80
Wanning										
1	Wanning Glory City (Phase I)	Residential	100,780	161,988	9,119	1,767	–	149,295	3,574	80
Langfang										
1	Yongqing Glory City (Phase I (partial), Phases III, V)	Residential	509,049	418,416	36,849	17,106	–	379,311	2,256	80
2	Yongqing Glory City (Phase IV (partial))	Residential	176,023	450,009	86,937	86,937	–	363,071	–	100
Zhengzhou										
1	Zhengzhou Glory City	Mixed-use	472,992	803,762	82,805	6,338	–	676,113	44,844	80
Shenyang										
1	Shenyang Glory City (Phases I to II, Phase III (partial), Phase IV and Phase V (partial))	Mixed-use	357,189	920,895	83,537	18,249	109,813	712,731	14,814	80

Project		Project Type	Site Area (sq.m.)	Completed GFA (sq.m.)	GFA Available for Sale or Use by Us (sq.m.)	GFA Available for Sale (sq.m.)	GFA Held for Investment (sq.m.)	GFA Sold (sq.m.)	Other GFA (sq.m.)	Ownership Interest (%)
Foshan										
1	Foshan Guohua New Capital (Phase I and Phase II (partial))	Residential	104,576	438,483	104,929	71,737	–	279,062	54,491	44
2	Foshan Glory Shengping Commercial Center	Mixed-use	10,920	41,847	376	376	34,989	1,505	4,977	80
3	Canglonghuafu (藏龍華府)	Residential	60,832	241,353	35,085	19,816	–	161,269	44,998	35
Shantou										
1	Shantou Glory City (Phase I)	Mixed-use	50,999	62,398	–	–	62,398	–	–	90
2	Glory Garden (Phase I)	Mixed-use	14,161	33,795	1,923	1,923	–	31,729	144	100
3	Yu Garden	Residential	8,292	25,767	–	–	–	25,767	–	100
4	Star Lake Residence	Residential	3,589	12,132	–	–	–	12,132	–	100
5	Yashi Garden	Residential	9,472	48,054	56	56	–	47,223	775	100
6	Guan Haiju	Residential	25,922	171,450	49,792	15,477	–	121,084	574	100
7	Siji Garden	Residential	42,155	203,549	37,857	37,857	–	123,713	41,979	80
8	Glory Garden (Phase II)	Residential	14,482	78,619	740	740	–	66,513	11,366	80
Suzhou										
1	Glory Villa	Mixed-use	22,991	72,823	24,374	20,708	–	48,262	187	80
Jiangmen										
1	Shanhuhaizhuangyuan (山湖海莊園)	Mixed-use	2,319	1,755	1,755	1,755	–	–	–	52
Chongqing										
1	Elegant Villa (書香溪墅)	Residential	157,083	337,254	132,843	132,843	–	204,412	–	51
Tianjin										
1	Ruichengjiayuan (瑞城嘉園)	Residential	14,260	120,063	96,008	96,008	–	8,729	15,326	35
Total			2,763,054	7,426,651	1,196,995	663,830	547,505	5,331,262	350,889	
Total Attributable GFA			2,164,668	5,761,785	863,612	440,980	447,469	4,211,935	238,769	

Land Reserves

The following table sets out a summary of the Group's land reserves by geographic location as at December 31, 2019:

	Completed	Under Development	Future Development	Total Land Reserves	Of Total Land Reserves	Average Land Cost
	Saleable/ Rentable GFA Remaining Unsold *(sq.m.)*	GFA Under Development *(sq.m.)*	Planned GFA *(sq.m.)*	Total GFA *(sq.m.)*	*(%)*	*(RMB/sq.m.)*
Beijing	406,445	1,217,916	–	1,624,361	10.5	16,599.3
Haikou	67,997	140,640	646,972	855,609	5.5	1,399.3
Wanning	1,767	17,201	207,886	226,854	1.5	332.1
Langfang	104,044	313,156	1,205,908	1,623,108	10.4	251.1
Zhengzhou	6,338	30,535	–	36,873	0.2	405.5
Shenyang	128,061	420,109	78,204	626,374	4.0	974.9
Foshan	126,918	1,157,584	–	1,284,502	8.3	3,313.9
Xi'an	–	289,978	–	289,978	1.9	1,551.8
Shantou	118,451	492,053	54,900	665,404	4.3	1,025.3
Shenzhen	–	42,763	274,213	316,976	2.0	2,673.7
Suzhou	20,708	168,745	–	189,453	1.2	17,100.6
Chongming Island	–	375,094	761,358	1,136,452	7.3	1,294.0
Wuxi	–	90,438	–	90,438	0.6	4,865.2
Tongren	–	230,284	1,643,969	1,874,253	12.1	501.2
Chongqing	132,843	91,555	–	224,398	1.4	387.1
Tianjin	96,008	162,697	–	258,705	1.7	2,182.1
Sanya	–	183,318	–	183,318	1.2	5,002.2
Jiangmen	1,755	181,172	543,988	726,915	4.7	541.0
Enping	–	92,854	488,572	581,426	3.7	147.1
Handan	–	844,696	–	844,696	5.4	401.3
Shijiazhuang	–	818,502	1,059,758	1,878,260	12.1	371.7
Total	1,211,335	7,361,290	6,965,728	15,538,353[(1)]	100	2,830.5
Total Attributable GFA	888,449	4,481,664	5,088,985	10,459,098		

Note:

(1) Includes 2,496,128 sq.m. of planned GFA in respect of which the Group had received the confirmation letter on bidding for granting land use rights but had not yet obtained relevant land use rights certificates.

The following table sets out a summary of the Group's land reserves by type of properties as at December 31, 2019:

	Completed	Under Development	Future Development	Total Land Reserves	Of Total Land Reserves
	Saleable/ Rentable GFA Remaining Unsold *(sq.m.)*	GFA Under Development *(sq.m.)*	Planned GFA *(sq.m.)*	Total GFA *(sq.m.)*	*(%)*
Residential	448,095	4,561,486	5,712,294	10,721,875	69.0
Commercial for sale	143,303	886,972	723,233	1,753,508	11.3
Commercial held or intended to be held for investment	547,505	423,209	–	970,714	6.2
Hotel	–	161,888	–	161,888	1.0
Car parking spaces	72,431	748,258	182,191	1,002,880	6.5
Ancillary	–	273,539	293,109	566,648	3.6
Hospital	–	305,254	54,900	360,154	2.3
Others	–	685	–	685	–
Total	1,211,334	7,361,291	6,965,727	15,538,352[(1)]	100
Total Attributable GFA	888,449	4,481,664	5,088,985	10,459,098	

Note:

(1) Includes 2,496,128 sq.m. of planned GFA in respect of which the Group had received the confirmation letter on bidding for granting land use rights but had not yet obtained relevant land use rights certificates.

Primary Land Development and Projects Developed under the "Urban Redevelopment" Policy

Apart from engaging in property development projects, the Group also actively undertakes primary land development projects as a strategic business in order to access potentially available land reserves. During the Reporting Period, the Group undertook primary land development, redevelopment of shanty town and projects under the "Urban Redevelopment" policy in Beijing, Shenzhen and Shantou.

Urban Redevelopment Project in Beijing

Since September 2007, the Group has undertaken a primary land development project in Beijing, namely, the West Qinian Street Project, which is located in the west side of Qinian Street and less than one kilometer from Tian'anmen Square with a planned GFA of approximately 474,304 sq.m., comprising five land parcels. As at December 31, 2019, the transfer of the Land No. 1 of the Qixi Project by agreement has been completed; currently, the demolition and relocation of the Land No. 4 has been completed and the relevant housing authority has confirmed its conclusion; the demolition and relocation of private properties on the Land No. 5 has been completed, and the remaining two enterprises and institutions are pending for demolition and relocation. At present, the remaining private properties and enterprises of the Qixi Project to be demolished and relocated are mainly located on the Land No. 2 and the Land No. 3. In 2020, the Company plans to audit and commercialize land parcels No. 4 and No. 5 in which the demolition was completed, so as to increase its cash inflow; land parcels No. 2 and No. 3 are planned to be classified as "restorative construction" according to new policies and regulations of Beijing Municipal Government, and the Company will make efforts to secure policy support so that the operation right will be granted to it for a term of fifty years. As of December 31, 2019, the projects under development of the Group incurred development costs of approximately RMB1,389.6 million.

Urban Redevelopment Project in Shantou

Pursuant to the cooperation agreements with local self-governing organizations and enterprises under the "Urban Redevelopment" policy, the Group undertook the development of land parcels in Shantou, which comprises four development projects with a total planned GFA of approximately 4.3 million sq.m. during the first half of 2014. The local self-governing organizations and enterprises have agreed to cooperate in development and construction of the relevant land parcels with the Group after completion of the required government procedures under the relevant local regulations. As at December 31, 2019, the Group has completed the development of two projects, one project was suspended due to policy issues in the first half of 2019 and the remaining project is Zhoucuowen Village Sub-district Redevelopment Project which is located at the East of Taishan Road of Northeastern Shantou city. The project has a site area of approximately 933,333 sq.m. and a planned GFA of approximately 2.33 million sq.m. According to the Reply of Shantou Municipal Government Regarding the Redevelopment Plan of "Urban Redevelopment" Project of Zhoucuowen Economic Association (East Sub-district of Old Village), Longhu District, Shantou City (《汕頭市人民政府關於汕頭市龍湖區周厝塭經濟聯合社（舊村莊東片區）「三舊」改造項目改造方案的批覆》) dated March 18, 2019, this sub-district has a site area of 6.67 hectares (66,700 sq.m.) and a total GFA of approximately 145,000 sq.m. Currently, compensations for the demolition and relocation of villagers' former residences are under negotiation and surrounding municipal facilities are yet to be completed. The remaining land parcels under the redevelopment of Zhoucuowen village are still under discussion. Under the principle of "developing a subdistrict only when the conditions permit (條件成熟一片、開發一片)", Shantou Company will report its annual plan under "Urban Redevelopment" and redevelopment plan when development conditions permit. As at December 31, 2019, the remaining one project incurred preliminary development costs of approximately RMB4.7 million.

Urban Redevelopment Project in Shenzhen

In the first half of 2014, Shenzhen Dachaoshan Construction Ltd.* (深圳市大潮汕建設有限公司), a subsidiary of the Group, entered into a cooperation agreement with Shenzhen Longgang Xikeng Co., Ltd.* (深圳市龍崗區西坑股份合作公司) to carry out the urban renewal project of the Xikeng community. The planned GFA of the project was about 3 million sq.m. The Group has completed the survey on land ownership, residential population and building information in the Xikeng community, industry research, the urban renewal planning research program and consultation. The Phase I Project with a site area of 530,000 sq.m. and a planned GFA of approximately 1.3 million sq.m. had been approved by the meeting of Longgang District Government Leadership Group (龍崗區政府領導小組會) on December 14, 2018 and had completed the planning announcement on December 30, 2018 and had been included into the "2018 Longgang District Urban Renewal Plan – the Ninth Plan" (《二零一八龍崗區城市更新計劃第九批計劃》). A further approval has been obtained from relevant governmental authorities on the project at the end of February 2019. The special planning report documents for the first renewal unit were filed on May 30, 2019 and are currently under review by relevant review bodies. Subsequent thereto, the establishment of other projects will be commenced. As at December 31, 2019, the development costs paid by the Group at the early stage in relation to this project were approximately RMB620.2 million.

FINANCIAL REVIEW

Revenue

For the Reporting Period, the Group's revenue was RMB8,093.2 million, representing an increase of 22.4% from RMB6,612.5 million for the year ended December 31, 2018.

Revenue from property development for the Reporting Period was RMB7,256.7 million, representing an increase of 22.5% as compared to the year ended December 31, 2018.

Cost of Sales and Services

The Group's cost of sales and services increased by 48.4% from RMB4,013.3 million in 2018 to RMB5,954.5 million in 2019. This increase was primarily due to the increased cost of property development.

The Group's cost of property development increased by 49.5% from RMB3,802.0 million in 2018 to RMB5,684.2 million in 2019. This increase was primarily due to the uneven progress of project delivery and settlement for the year ended December 31, 2019.

Gross Profit

For the Reporting Period, the Group's gross profit was RMB2,138.7 million, representing a decrease of 17.7% from RMB2,599.2 million for the year ended December 31, 2018. The gross profit margin for the Reporting Period was 26.4%, representing a decrease of 12.9% from 39.3% for the year ended 31 December 2018.

Gross profit of property development was RMB1,572.5 million for the Reporting Period, representing a decrease of 25.9% from RMB2,122.6 million for the year ended December 31, 2018. The gross profit margin of the property development was 12.5%, representing a decrease of 23.3% from 35.8% for the year ended 31 December 2018.

Net Profit Attributable to Owners of the Company

For the Reporting Period, the net profit attributable to owners of the Company was RMB859.7 million, representing a decrease of 14.8% from RMB1,008.8 million for the year ended December 31, 2018.

Change in Fair Value of Investment Properties

Change in fair value of investment properties increased by 16.9% from RMB907.8 million in 2018 to RMB1,061.4 million in 2019.

Other Gains and Losses

Other gains were RMB4.9 million for the Reporting Period, while other gains were RMB67.4 million for the year ended December 31, 2018, the decrease is mainly due to the exchange gains arising from senior notes in 2018 and the exchange losses in current year.

Other Income

Other income increased by 10.7% from RMB159.3 million for the year ended December 31, 2018 to RMB176.3 million for the Reporting Period, which was mainly due to the recognised return on capital employed with associates and joint ventures for the current year.

Distribution and Selling Expenses

Distribution and selling expenses increased by 47.9% from RMB206.8 million for the year ended December 31, 2018 to RMB305.9 million for the Reporting Period.

Administrative Expenses

Administrative expenses increased by 9.6% from RMB507.8 million for the year ended December 31, 2018 to RMB556.8 million for the Reporting Period, which was primarily due to the increase in depreciation expenses as a result of the completion of Hademen project and part of it was transferred to fixed assets, as well as the increase of compensation as a result of the enlarging scale and increased number of employees of the Group in the current year.

Finance Costs

Finance costs increased by 64.9% from RMB245.4 million for the year ended December 31, 2018 to RMB404.7 million for the Reporting Period, primarily due to the increase amount of borrowings expensed this year as compared to the corresponding period of the previous year.

Income Tax Expense

Income tax expense decreased by 26.7% from RMB1,128.2 million for the year ended December 31, 2018 to RMB826.6 million for the Reporting Period, primarily due to the decrease of profit before taxation. The PRC enterprise income tax and land appreciation tax of the Group for the Reporting Period were RMB406.8 million and RMB322.6 million, respectively.

Total Comprehensive Income

Due to the above, the Group's total comprehensive income decreased from RMB1,562.0 million for the year ended December 31, 2018 to RMB1,222.5 million for the Reporting Period.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash Position

As at December 31, 2019, the Group's cash, restricted bank deposits and bank balances were approximately RMB2,216.2 million, representing an increase of 12.4%, as compared to RMB1,972.3 million as at December 31, 2018.

Borrowings

As at December 31, 2019, the Group had outstanding borrowings of RMB22,066.6 million, consisting of bank borrowings of RMB15,738.5 million and other borrowings which are trust financing arrangements of RMB4,400.2 million, as well as loans from institutions of RMB1,928.0 million.

As at December 31, 2019, the outstanding borrowings of the Group's borrowings from trust financing arrangements accounted for 19.9% of the balance of the Group's total bank and trust borrowings, compared to 35.6% as at December 31, 2018.

Charge over Assets

Some of the Group's borrowings are secured by properties held for/under development, properties held for sale, investment properties and prepaid lease payments as well as property, plant and equipment and restricted bank deposits, or combinations of the above. As at December 31, 2019, the assets pledged to secure certain borrowing granted to the Group amounted to RMB37,134.4 million.

Financial Guarantees and Contingent Liabilities

In line with market practice, the Group has entered into arrangements with various banks for the provision of mortgage financing to its customers. The Group does not conduct independent credit checks on customers, but rely on credit checks conducted by relevant banks. As with other property developers in the PRC, the banks usually require the Group to guarantee its customers' obligation to repay the mortgage loans on the properties. The guarantee period normally lasts until the bank receives the strata-title building ownership certificate (分戶產權證) from the customer as security of the mortgage loan granted. As at December 31, 2019, the Group's outstanding guarantees in respect of the mortgages of its customers amounted to RMB8,460.3 million.

Save as disclosed in this report, the Group had no other material contingent liabilities as at December 31, 2019.

Foreign Exchange Risk

Almost all of the Group's operating activities are carried out in the PRC with most of the transactions denominated in Renminbi. As at December 31, 2019, the balance of the Company's senior notes amounted to US$680.0 million. As a result of the issuance of such US dollar senior notes, the Group would be subject to foreign currency risk arising from the exchange of Renminbi against U.S. dollars.

In addition, Renminbi is not freely convertible into foreign currencies and the conversion of Renminbi into foreign currencies is subject to rules and regulations of the foreign exchange control promulgated by the PRC government. The Group does not have a foreign currency hedging policy. However, the Directors will monitor the Group's foreign exchange risk closely and may, depending on the circumstances and trend of foreign currency, consider adopting suitable foreign currency hedging policy in the future.

Subsequent Event of Material Acquisition and Significant Investments

On August 31, 2017, Shantou Garden Group Co., Ltd.* ("**Garden Group**"), a wholly-owned subsidiary of the Company, signed seven agreements to acquire 10% equity interest in seven property companies, namely Guangdong Hongtai Guotong Real Estate Co., Ltd.*, Guangdong Guosha Real Estate Co., Ltd.*, Tianjin Tianfu Rongsheng Real Estate Development Co., Ltd.*, Sanya Jingheng Properties Co., Ltd.*, Handan Guoxia Real Estate Development Co., Ltd.*, Chongqing Guosha Real Estate Development Co., Ltd.* and Jiangmen Yinghuiwan Real Estate Co., Ltd.* (the "**Seven Target Companies**"). On April 27, 2018, the Company signed seven additional capital contribution agreements with such companies and their existing shareholders to, among other things, make further capital contributions in the Seven Target Companies. On November 23, 2018, Beijing Guoxing Wanxun Technology and Trade Consulting Co., Ltd.*, a wholly-owned subsidiary of the Company, signed a capital contribution agreement to subscribe for 51% equity interest in Shijiazhuang Guosha Real Estate Development Co., Ltd.* ("**Shijiazhuang Guosha**").

For details, please refer to the announcements of the Company dated August 31, 2017, April 27, 2018, November 23, 2018 and January 28, 2019 and the circular of the Company dated May 10, 2018.

Upon arm's length negotiations, the Company and Garden Group entered into a supplemental agreement with each of the Seven Target Companies and their respective shareholders in relation to the capital injection to the Seven Target Companies to postpone the payment deadline to December 31, 2020. As agreed in the original agreement, the capital injection for Shijiazhuang Guosha shall be paid before December 17, 2020. At present, the Seven Target Companies and Shijiazhuang Guosha have been consolidated into the Group.

Future Plans for Material Investments or Capital Assets

The Group will continue to invest in its property development projects and acquire suitable land parcels in selected cities, if it thinks fit. It is expected that internal resources and bank borrowings will be sufficient to meet the necessary funding requirements. Save as disclosed in this annual report and in the prospectus of the Company dated June 23, 2014 (the "**Prospectus**"), the Group did not have any future plans for material investments or capital assets as at the date of this annual report.

Employees and Remuneration Policies

As at December 31, 2019, the Group had approximately 1,364 employees. For the Reporting Period, the Group incurred employee costs of approximately RMB415.4 million. Remuneration for the employees generally includes salary and performance-based quarterly bonuses. As required by applicable PRC laws and regulations, the Group participates in various employee benefit plans of the municipal and provincial governments, including housing provident funds, pension, medical, maternity, occupational injury and unemployment benefit plans.

Issuance of Senior Notes

On February 27, 2019, the Company successfully issued US$160,000,000 13.5% senior notes due February 28, 2022 listed on the Stock Exchange. Further details of the issuance of senior notes were disclosed in the announcements of the Company dated February 21, 2019, February 26, 2019 and February 27, 2019 and note 40 to the consolidated financial statements of this annual report.

On March 15, 2019, the Company successfully issued additional US$295,000,000 13.5% senior notes due February 28, 2022 listed on the Stock Exchange. Further details of the issuance of senior notes were disclosed in the announcements of the Company dated March 8, 2019, March 13, 2019 and March 15, 2019 and note 40 to the consolidated financial statements of this annual report.

Full Redemption of US$250,000,000 10.2% Senior Notes Due March 1, 2019

On March 1, 2019, the Company completed the full redemption of the US$250,000,000 10.2% senior notes due March 1, 2019 (“**March 1, 2019 Notes**”) with cash. The aggregate redemption price is equivalent to the principal amount of the March 1, 2019 Notes plus accrued interest to the maturity date. Further details of the full redemption of the March 1, 2019 Notes were disclosed in the announcements of the Company dated February 26, 2019 and March 1, 2019 and note 40 to the consolidated financial statements of this annual report.

Full Redemption of US$300,000,000 7% Senior Notes due March 21, 2020

On March 21, 2019, the Company completed the full redemption in cash of the US$300,000,000 7% senior notes due March 21, 2020 (“**March 21, 2020 Notes**”) whose holders exercised their redemption options. Further details of the full redemption of the March 21, 2020 Notes whose holders exercised their redemption options were disclosed in the announcements of the Company dated March 7, 2019, March 18, 2019, March 21, 2019 and May 30, 2019 and note 40 to the consolidated financial statements of this annual report. In addition, on March 21, 2020, the Company completed full redemption in cash of the outstanding portion of March 21, 2020 Notes, further details of which were disclosed in the announcement of the Company dated March 23, 2020.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

In February 2020, Beijing Glory Xingye Real Estate Co., Ltd.* (北京國瑞興業地產股份有限公司), a subsidiary of the Company, obtained a syndicated loan of RMB3.5 billion from Bank of Communications Co., Ltd. Beijing Temple of Heaven Branch and Bank of Beijing Co., Ltd. Guangming Branch. Details of the syndicated loan were disclosed in the announcement of the Company dated January 23, 2020.

FINAL DIVIDEND

The Board proposed the payment of a final dividend of HK3.76 cents per share in respect of the Reporting Period, totalling HK$167,110,000 (equivalent to RMB150,000,000), to Shareholders whose names appear on the register of members of the Company at the close of business on August 13, 2020. The proposed final dividend will be paid no later than August 31, 2020 after approval by Shareholders at annual general meeting of the Company.

Directors' and Senior Management's Profiles

EXECUTIVE DIRECTORS

Mr. Zhang Zhangsun (張章笋) or Chairman Zhang, aged 63, is the founder of the Group and one of the Controlling Shareholders. Chairman Zhang also serves as executive Director, president and the chairman of the Nomination Committee of the Company and as chairman of Beijing Glory Xingye Real Estate Holding Limited* (北京國瑞興業房地產控股有限公司) ("**New Beijing Glory**"). Chairman Zhang has over 20 years of experience in real estate development, management and operation. He established Shantou Garden Enterprise Co., Ltd.* (汕頭花園企業有限公司) in 1988 and established our Group in April 1994 and has since led the Group in its development of real estate projects. In 1999, the headquarter moved to Beijing and Chairman Zhang establish Beijing Glory Xingye Real Estate Co., Ltd.* (北京國瑞興業地產股份有限公司) ("**Original Beijing Glory**"). Chairman Zhang is also a member of the Chinese People's Political Consultative Committee of Beijing Municipality, the chairman of Chaozhou Natives Overseas Association in Beijing, the vice president of China Federation of Overseas Chinese Entrepreneurs and Beijing Silver Industry Association*, the honorary president (life) of Shantou Xinghe Award Foundation* (汕頭市星河獎基金會). Chairman Zhang has won the award of "Outstanding People for China's Urban Construction" (中國城市建設傑出人物獎), "Outstanding Constructor of Socialism with Chinese Characteristics in Beijing" (北京市優秀中國特色社會主義事業建設者) and "Chinese Outstanding Entrepreneur Award" (中國優秀企業家) jointly issued by the Ministry of Construction and the Ministry of Commerce, and the titles of "Outstanding Individual for Charity" (慈善優秀個人).

Ms. Ruan Wenjuan (阮文娟), aged 41, the spouse of Chairman Zhang, serves as executive Director, vice president, a member of the Remuneration Committee, a member of the Internal Control Committee of the Company and as director of New Beijing Glory. Ms. Ruan joined the Group in January 2000 and was responsible for financial management related work in Shantou Garden Group Co., Ltd.* (汕頭花園集團有限公司) ("**Garden Group**"). She successively served as the financial manager and chief financial officer in Original Beijing Glory since 2004. In August 2006, Ms. Ruan was appointed as a director and vice president in Original Beijing Glory and was primarily responsible for the cost management and financial management affairs of our Group. Ms. Ruan completed the real estate EMBA program from Tsinghua University in September 2004.

Ms. Zhang Jin (張瑾), aged 36, the daughter of Chairman Zhang, serves as executive Director and vice president of the Company and as director of New Beijing Glory. Ms. Zhang joined the Group in August 2006 and served as the assistant to the chairman of Original Beijing Glory. Since August 2008, Ms. Zhang served as the vice president of Original Beijing Glory, primarily responsible for the management and operation of commercial properties. She is also the executive director of Beijing Glory Industrial Commercial Management Limited* (北京國瑞興業商業管理有限公司) ("**Glory Commercial Management**") and chairman of Beijing Yinhe Glory Commercial Investment Co., Ltd.* (北京銀和國瑞商業投資有限公司). Ms. Zhang graduated from Holmes Institute in Australia majoring in business administration in August 2007. She also participated in the international real estate advanced leadership program in Harvard University in May 2007, the globalized city and real estate operator course in The University of Hong Kong in January 2008 and the entrepreneur development program in globalization in University of Cambridge in April 2008. Ms. Zhang was awarded "China Real Estate Top Hundred Person" (中國房地產百傑) by CIHAF China Real Estate Mainstream Media Alliance (CIHAF中國房地產主流媒體聯盟) in 2008, "China Shopping Mall Centre Top Professional of Year 2010" (中國購物中心2010年度職業精英) by PURCHASING Union Mall Development Committee (中購聯購物中心發展委員會) in 2010 and "China Commercial Properties Influential Person" (中國商業地產影響力人物) by China Commercial Real Estate Industry Development Forum (中國商業地產行業發展論壇) in 2013. Ms. Zhang is also a vice chairman of Chamber of Commerce of Dongcheng District of Beijing, council of China Commercial Real Estate Association, vice chairman of China International SME Union and member of the Chinese People's Political Consultative Committee of Dongcheng District of Beijing.

Mr. Lin Yaoquan (林耀泉), aged 53, the brother-in-law of Chairman Zhang, serves as the executive Director and executive president of the Company and general manager of Garden Group, Shantou Glory Real Estate Development Co., Ltd.* (汕頭市國瑞房地產開發有限公司), Shantou Guohua Properties Real Estate Development Co., Ltd.* (汕頭市國華置業地產開發有限公司), Shantou Glory Zhoucuowen Real Estate Development Co., Ltd.* (汕頭市國瑞周厝塭房地產開發有限公司) and Shantou Glory Construction Materials & Home Furnishing Exhibition Center Co., Ltd.* (汕頭國瑞建材家居博覽中心有限公司). Mr. Lin joined the Group in August 2004 and has served as the vice president and regional general manager of Shantou Region of Original Beijing Glory since 2009. He has also been the general manager of Shantou Industrial Materials Exchange Center* (汕頭工業材料交易中心) since 2004. Before joining the Group, Mr. Lin served as a clerk of the import and export department of Shantou Jinming Wujin Material Co., Ltd. (汕頭市金明五金材料有限公司) from April 1989 to May 1993, responsible for daily operation of the import and export department; the manager of the import and export department of Shantou Jinming Development Company* (汕頭金明發展公司) from June 1993 to February 1998, responsible for daily operation of the import and export department; general manager of Chaozhou Caitang Yaolong Stainless Steel Products Co., Ltd.* (潮州彩塘耀隆不銹鋼製品有限公司) from July 1998 to March 2004, responsible for overall management of this company.

Ms. Dong Xueer (董雪兒), aged 42, serves as executive Director and the chief financial officer of the Company. Ms. Dong joined the Group in October 1997 and successively served as the general accountant in Shantou Glory Management Limited (汕頭國瑞企業管理有限公司) from October 1997 to January 2003, account officer in Original Beijing Glory from February 2003 to July 2008 and chief financial officer in Shenyang Dadongfang Property Development Co., Ltd.* (瀋陽大東方置業有限公司) from August 2008 to February 2010. Since March 2010, Ms. Dong has served as the chief financial officer in Original Beijing Glory, responsible for its overall financial management, including but not limited to fund management, loan management, asset management and accounting computations. Ms. Dong obtained a college degree in accounting from the University of International Business and Economics in July 2006.

Mr. Li Bin (李斌), aged 48, serves as executive Director and vice president of the Company. Mr. Li joined the Group in July 1997 and successively served as the procurement manager, sales manager and public relationship manager of Garden Group, the deputy general manager of Hainan Glory Real Estate Development Co., Ltd.* (海南國瑞房地產開發有限公司), the chairman of Shenyang Dadongfang Property Development Co., Ltd.* (瀋陽大東方置業有限公司) and the secretary to the chairman and the assistant to the chairman of the Company. He has worked in Original Beijing Glory since 2002 and served as the chairman of the supervisory committee. Mr. Li is also the vice chairman of Qianmen Branch of Dongcheng District of Beijing Federation of Industry & Commence, the vice chairman of Chaozhou Natives Overseas Association in Beijing and the member of Dongcheng District's 16th National People's Congress of Beijing. Mr. Li completed business administration programme from International Business University of Beijing in July 2006.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Luo Zhenbang (羅振邦), aged 53, serves as independent non-executive Director, chairman of the Audit Committee, a member of the Remuneration Committee, a member of the Nomination Committee and a member of the Internal Control Committee of the Company. Mr. Luo was appointed as an independent non-executive Director of the Company on July 5, 2013. Mr. Luo is the director and managing partner of BDO China Shu Lun Pan CPAs. He has been an independent non-executive director of China Aerospace International Holding Limited (a company listed on the Stock Exchange, stock code: 00031) since December 2004, and an independent director of BII Railway Transportation Technology Holdings Company Limited (a company listed on the Stock Exchange, stock code: 1522) since November 2012, Xinjiang Goldwind Science & Technology Co., Ltd. (a company listed on the Stock Exchange (stock code: 2208) and Shenzhen Stock Exchange (stock code: 002202)) form June 2013 to June 2019 and Digital China Information Service Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 000555) from January 2014 to December 2019, respectively. Mr. Luo used to worked successively in several accounting firms, namely Ningxia CPAs* (寧夏會計師事務所), Zhongzhou CPAs* (中洲會計師事務所), Zhong Tian Xin CPAs* (中天信會計師事務所) and Tianhua CPAs* (天華會計師事務所) before he joined BDO China Shu Lun Pan CPAs in May 2008. He also used to serve as a supervisor in China Cinda Asset Management Co., Ltd. from January 2001 to December 2002 and China Greatwall Asset Management Co., Ltd. from January 2003 to December 2004. He was also an independent director of Ningxia Zhongyin Cashmere Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 982) between 2001 to 2004, Long March Launch Vehicle Technology Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600879) between 2002 to 2008, Ningxia Orient Tantalum Industry Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 962) between 2002 to 2005, Ningxia Yinxing Energy Co., Ltd.* (寧夏銀星能源股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 862) between 2004 to 2005 and AVIC Heavy Machinery Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600765) between 2010 to 2011, respectively. Mr. Luo was awarded professional qualifications as a certified public accountant by the MOF in January 1995 and a certified accountant in securities and futures industry by the MOF and CSRC in July 1997. He graduated from the School of Business of Lanzhou in June 1991 majoring in Enterprise Management and obtained the Master's degree in enterprise management and innovation from the Australia National University in July 2007.

Mr. Lai Siming (賴思明), aged 62, serves as independent non-executive Director, chairman of the Remuneration Committee, a member of the Audit Committee and a member of the Nomination Committee of the Company. Mr. Lai was appointed as independent non-executive Director of the Company on July 5, 2013. Mr. Lai has been the member of the Royal Institution of Chartered Surveyors since June 1983 and the member of the Hong Kong Institute of Surveyors since August 1984. In April 1999, Mr. Lai became the fellow member of the Hong Kong Institute of Surveyors. Mr. Lai is a professional surveyor and has considerable experience in the property field. Between September 1980 to February 1994 and August 1997 to June 2002, Mr. Lai was working in Knight Frank (known as F.Y. Kan & Partners in 1980), an international property consultant firm, offering property consulting services. Mr. Lai is an independent non-executive director of Asia Commercial Holdings Limited (a company listed on the Stock Exchange, stock code: 104) since August 1998. Mr. Lai was also an independent non-executive director of The Sun's Group Limited (a company listed on the Stock Exchange, stock code: 988) from May 2002 to March 2003. Mr. Lai served as the Vice Chairman, General Practice Division of the Hong Kong Institute of Surveyors for two years (GPD Council 2001-2003). Mr. Lai obtained a Master's degree in business administration from The Chinese University of Hong Kong in November 2001.

Ms. Chen Jingru (陳靜茹), aged 55, serves as independent non-executive Director, chairman of the Internal Control Committee and a member of the Audit Committee of the Company. Ms. Chen was appointed as independent non-executive Director of the Company on June 5, 2014. Ms. Chen is the global partner of DeHeng Law Offices. Ms. Chen has been working in DeHeng Law Offices since 1993 and has extensive experience in the corporate and securities aspects. Ms. Chen also serves as the external internal auditor of BOC International (China) Co., Ltd. Ms. Chen was awarded her professional qualification as a lawyer conferred by the Lawyer Qualification Committee of the PRC Ministry of Justice in March 1993. She obtained a Bachelor's degree majoring in law in July 1985 and a Master's degree majoring in law in December 1990 from Nankai University.

SENIOR MANAGEMENT

Mr. Hao Zhenhe (郝振河), aged 65, serves as the vice president of the Company and as general manager of Langfang Glory Investment Co., Ltd.* (廊坊國瑞投資有限公司). Mr. Hao joined the Group in July 2001 and has successively served as the head of the general office and head of the planning and development department of Original Beijing Glory, the general manager of Beijing Glory Property Services Co., Ltd*. (北京國瑞物業服務有限公司) ("**Glory Services**") and vice president of Original Beijing Glory. Before joining the Group, Mr. Hao worked at the International Liaison department of the Chinese Communist Party Central Committee from April 1971 to April 2001. Mr. Hao obtained a college degree in journalism from the college of journalism of All-China Journalists Association* (中國記協新聞學院) in July 1992.

Mr. Sun Xiaodong (孫曉東), aged 50, serves as the vice president of the Company. Mr. Sun joined the Group in 2014 and has over 10 years of experience in project management and real estate operation. Before joining the Group, Mr. Sun served in renowned property companies such as Tsinghua Tongfang Nuclear Technology Limited* (清華同方核技術股份有限公司), Longfor Properties Co., Ltd (龍湖地產有限公司) and HKI China Land (香江國際中國地產有限公司). Mr. Sun obtained a Bachelor's degree in business administration from Renmin University of China and held qualifications as a senior engineer, a PRC certified budgeting specialist and a real estate valuer.

Ms. Liu Wenling (劉文玲), aged 47, serves as the vice president of the Company and joined the Group in February 2017. Ms. Liu is primarily responsible for tender procurement and cost management and has more than 10 years of experience of cost management in real estate company. Prior to joining the Group, Ms. Liu was responsible for the recruitment and cost management of several well-known real estate companies such as Jinmao Group, Minmetals Land Limited, Forte Group and Beijing Sunshine 100 Real Estate Group Co., Ltd. (北京陽光壹佰置業集團有限公司). She obtained a bachelor's degree in environmental engineering from East China University of Science and Technology in July 1995.

Mr. Yan Shuang (閆雙), aged 38, serves as the assistant to the Chairman of the Company. Mr. Yan joined the Group in March 2004 and has since successively served as various positions in our Group, namely the security head of Glory Xingye (Beijing) Industrial Co., Ltd.* (國瑞興業(北京)實業股份有限公司) from March 2004 to February 2005; the deputy general manager of Glory Services from February 2005 to September 2009; the deputy general manager of Glory Commercial Management from September 2009 to March 2012; and the assistant to the chairman and the director of the president office of Original Beijing Glory since March 2012. Mr. Yan was awarded a certificate in property management in June 2011 by Beijing Municipal Commission of Housing and Urban-Rural Development. He is pursing a college degree in business administration at the School of Network and Continuing Education of Xidian University.

Ms. Zheng Jin (鄭瑾), aged 37, serves as the board secretary and joint company secretary of the Company. Ms. Zheng joined the Group in January 2010 and has served as the vice president of the capital and financial management center and the operation and construction management center of Original Beijing Glory since October 2010 and February 2013, respectively. Before joining the Group, she served as the assistant manager in KPMG Huazhen (special general partnership) from July 2007 to January 2010, responsible for auditing. Ms. Zheng was awarded the qualification as a certified public accountant by the Chinese Institute of Certified Public Accountants in August 2009. She obtained a Bachelor's degree in engineering management in July 2004 and a Master's degree in finance in June 2007 from Central University of Finance and Economics.

JOINT COMPANY SECRETARIES

Ms. Zheng Jin (鄭瑾), aged 37, serves as the Company's joint company secretary. Please refer to the section headed "Directors' and Senior Management's Profiles".

Ms. Kwong Yin Ping Yvonne (鄺燕萍), serves as our joint company secretary of the Company. Ms. Kwong is a vice president of SWCS Corporate Services Group (Hong Kong) Limited, a specialty corporate services provider focusing on the provision of listing company secretarial and compliance services. She holds a Bachelor's Degree in Accountancy from the Hong Kong Polytechnic University and is a fellow of The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute (formerly The Institute of Chartered Secretaries and Administrators). Ms. Kwong has extensive experience in providing company secretarial and compliance services to numerous private and listed companies.

Report of the Directors

The Board is pleased to present its annual report and the audited consolidated financial statements of the Group for the Reporting Period.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries are property development, primary land construction and development services, property investment and management in the PRC. An analysis of the Group's revenue for the Reporting Period by principal activities is set out in note 5 and note 6 to the consolidated financial statements.

BUSINESS REVIEW

A review of the business and a discussion and analysis of the Group's performance for the Reporting Period and the material factors underlying its financial performance and financial position can be found in the "Management Discussion and Analysis" section on pages 214 to 229 in this annual report. An analysis of the Group's performance during the year using financial key performance indicators is set out on page 209 of this annual report. The above sections form part of this report. The financial risk management objectives and policies of the Group are set out in note 51 to the consolidated financial statements.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group recognizes its responsibility to protect the environment from its business activities. Being a real estate operator and developer in the PRC, the Group is subject to environmental laws and regulations set by the PRC national, provincial and municipal governments, including but not limited to laws and regulations on air and noise pollution and discharge of waste and water into the environment.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognizes the importance of compliance with regulatory requirements. The Group has been allocating system and staff resources to ensure ongoing compliance with rules and regulations and to maintain cordial working relationships with regulators through effective communications. For the Reporting Period, to the best knowledge of the Directors, the Group has complied with all of the relevant laws and regulations in the PRC and Hong Kong which have significant impact on the operations of the Group, including but not limited to the Company Law of the PRC, the Hong Kong Securities and Futures Ordinance (Cap. 571) and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

PRINCIPAL RISKS AND UNCERTAINTIES

Risk relating to the real estate industry in the PRC

The PRC government exerts considerable direct and indirect influence on the growth and development of the PRC real estate market through industry policies and other economic measures at the national, provincial, municipal and/or local level. The Group mainly operates in the PRC and such measures may affect the Group's financial condition or results of operations.

Risk relating to foreign exchange

Substantially all of the Group's revenues and expenditures are dominated in Renminbi, while any dividends the Group pays on its Shares will be in Hong Kong dollar. The value of Renminbi against the U.S. dollar or the Hong Kong dollar may fluctuate and is affected by, among other things, changes in political and economic conditions and China's foreign exchange regime and policy. For details during the Reporting Period, please refer to the description in "Foreign Exchange Risk" on page 227.

RELATIONSHIPS WITH STAKEHOLDERS

The Group's success also depends on the support from key stakeholders which comprise our Directors, senior management, employees, customers, suppliers, regulators and shareholders.

Directors, senior management and employees

Our success is attributable to the ongoing service, performance, expertise and experience of our Directors and senior management. Moreover, our qualified and skilled employees have further contributed to our continual success. Employees are regarded as the most important and valuable assets of the Group. The objective of the Group's human resources management is to reward and recognize performing staff by providing a competitive remuneration package and implementing a sound performance appraisal system with appropriate incentives, and to promote career development and progression by appropriate training and providing opportunities within the Group for career advancement.

Customers

The Group's principal customers are individual purchasers for residential properties and various types of corporations and other business entities for commercial properties. The Group is committed to provide quality services and products to customers while maintaining long-term profitability, business and earnings growth. Various means have been established to strengthen the communications between customers and the Group in the provision of excellent customer service.

Suppliers

Sound relationships with key suppliers of the Group are important in supply chain, premises or land parcels management, properties construction and meeting business challenges and regulatory requirements. The key suppliers of the Group comprise construction material and equipment suppliers, construction contractors and design firms.

Regulators

The Group operates in the real estate sector in the PRC which is regulated by the Ministry of Land and Resources, the Ministry of Housing and Urban-Rural Development, Beijing Municipal Commission of Urban Planning and other relevant regulators. It is the Group's desire to keep up to date and ensure compliance with new rules and regulations.

Shareholders

One of the corporate goals of the Group is to enhance corporate value to shareholders. The Group is poised to foster business developments for achieving the sustainability of earnings growth and rewarding shareholders by stable dividend payouts taking into account capital adequacy levels, liquidity positions and business expansion needs of the Group.

FUTURE BUSINESS DEVELOPMENTS

The future business developments are set out in the Chairman's Statement on pages 210 to 213 of this annual report. The Chairman's Statement forms part of this report.

SEGMENT INFORMATION

An analysis of the performance of the Group for the Reporting Period by principal activities is set out in note 6 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the Reporting Period are set out in the consolidated statement of profit or loss and other comprehensive income on page 272.

The Board proposed the payment of a final dividend of HK3.76 cents per share, totalling HK$167,110,000 (equivalent to RMB150,000,000 for the Reporting Period, to Shareholders whose names appear on the register of members of the Company at the close of business on August 13, 2020. The proposed final dividend will be paid no later than August 31, 2020 after approval by Shareholders at annual general meeting of the Company.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed for the following periods:

(a) For the purpose of determining shareholders who are entitled to attend and vote at the forthcoming annual general meeting ("**AGM**") to be held on Thursday, June 11, 2020, the register of members of the Company will be closed from Tuesday, June 9, 2020 to Thursday, June 11, 2020, both days inclusive. In order to qualify for attending and voting at the AGM, all transfer documents companied by the relevant share certificates and transfer forms should 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 Monday, June 8, 2020.

(b) For the purpose of determining shareholders who qualify for the final dividend, the register of members of the Company will be closed from Friday, August 14, 2020 to Monday, August 17, 2020, both days inclusive. In order to qualify for the final dividend, all transfer documents companied by the relevant share certificates and transfer forms should 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 Thursday, August 13, 2020.

FINANCIAL SUMMARY

A summary of the financial results and of the assets, liabilities and equity of the Group for the last five financial years is set out on page 416 of this annual report. This summary does not form part of the audited consolidated financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of change during the Reporting Period in the share capital and share options of the Company are set out in note 41 and note 43, respectively, to the consolidated financial statements.

During the Reporting Period, save as disclosed in this report, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the Reporting Period are set out in note 18 to the consolidated financial statements.

INVESTMENT PROPERTIES

Details of movements in the investment properties of the Group for the Reporting Period are set out in note 17 to the consolidated financial statements.

RESERVES

Details of movement in the reserves of the Group for the Reporting Period are set out in the consolidated statement of changes in equity on pages 276 to 278 of this annual report.

DISTRIBUTABLE RESERVES

As of December 31, 2019, the Company's distributable reserves were RMB1,030 million.

BANK LOANS AND TRUST BORROWINGS

Particulars of bank loans and trust borrowings of the Group as at December 31, 2019 are set out in note 38 to the consolidated financial statements.

PROFILES OF DIRECTORS AND JOINT COMPANY SECRETARIES

The Directors during the year and up to the date of this report were:

Executive directors:

Mr. Zhang Zhangsun *(Chairman)*
Ms. Ruan Wenjuan
Ms. Zhang Jin
Mr. Lin Yaoquan (appointed on April 12, 2019)
Ms. Dong Xueer (appointed on June 14, 2019)
Mr. Li Bin (appointed on June 14, 2019)
Mr. Ge Weiguang (retired on May 28, 2019)

Independent non-executive directors:

Mr. Luo Zhenbang
Mr. Lai Siming
Ms. Chen Jingru

The executive directors and independent non-executive Directors are appointed for a period of three years.

Profiles of the Directors and the Joint Company Secretaries of the Company are set out on pages 230 to 234 of this annual report. At the AGM, Ms. Ruan Wenjuan, Mr. Lai Siming, Ms. Zhang Jin, Ms. Dong Xueer and Mr. Li Bin shall retire and being eligible, shall offer themselves for re-election.

PERMITTED INDEMNITY PROVISION

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

The Company has taken out and maintained directors' liability insurance throughout the year, which provides appropriate cover for the Directors of the Group. For the Reporting Period, no claim had been made against the Directors, auditors or officers of the Company.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his or her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive Directors meet the guidelines for assessing independence in accordance with Rule 3.13 of the Listing Rules for the Reporting Period.

DIRECTORS' SERVICE CONTRACTS

Mr. Zhang Zhangsun, Ms. Ruan Wenjuan and Ms. Zhang Jin, as executive Directors, have entered into service agreements with the Company on July 7, 2017 for a term of three years and may be terminated in accordance with the respective terms of the service agreements.

Mr. Lin Yaoquan, as an executive Director, has entered into a service agreement with the Company on April 12, 2019 for a term of three years and may be terminated in accordance with the respective terms of the service agreement.

Mr. Li Bin and Ms. Dong Xueer, as executive Directors, have entered into service agreements with the Company on June 14, 2019 for a term of three years and may be terminated in accordance with the respective terms of the service agreements.

Each of the independent non-executive Directors has signed a letter of appointment with the Company on July 7, 2017, for a term of three years and may be terminated in accordance with the respective terms of the letter of appointments.

None of the Directors has a service contract with the Company which is not terminable by the Group within one year without payment of compensation, other than normal statutory compensation.

DIRECTORS' INTEREST IN COMPETING BUSINESS

Save as disclosed in this annual report, as at December 31, 2019, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or may compete with the businesses of the Group.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed for the Reporting Period.

EQUITY-LINKED AGREEMENTS

Saved as disclosed in the sections headed "Pre-IPO Share Option Scheme" and "Post-IPO Share Option Scheme" below, no equity-linked agreements were entered into by the Group, or existed for the Reporting Period.

MAJOR CUSTOMERS AND SUPPLIERS

For the Reporting Period, purchases from the Group's largest supplier accounted for approximately 24.6% of the Group's total purchases and the five largest suppliers of the Group accounted for less than 30.0% of the Group's total purchase in the year.

For the Reporting Period, sales to the Group's largest customer accounted for approximately 2.4% of the Group's total revenue and the five largest customers of the Group accounted for less than 30.0% of the Group's total revenue in the year.

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

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at December 31, 2019, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or of any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (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 he or she is taken or deemed to have under such provisions of the SFO) or which were required, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") were as follows:

(a) Interest in Shares of the Company

Name of Director	Nature of interest	Number of Shares	Approximate percentage of interest in the Company
Chairman Zhang[(1)]	Interest of a controlled corporation	3,397,713,570	76.45%
Ruan Wenjuan	Interest of a controlled corporation	3,397,713,570	76.45%
Lin Yaoquan	Beneficial owner	23,453,000	0.53%
	Interest of spouse	1,173,500	0.03%

Note (1): Alltogether Land Company Limited ("**Alltogether**") is wholly-owned by Chairman Zhang. As such, Chairman Zhang, through Alltogether, is indirectly interested in the Shares held by Alltogether. Further, as Ms. Ruan Wenjuan, an executive Director of the Company, is the spouse of Chairman Zhang, Ms. Ruan Wenjuan is also deemed to be interested in the Shares held by Alltogether under the SFO.

(b) Interest in the underlying Shares of the Company

Name of Director	Nature of interest	Number of Shares in the Company subject to options granted under the Pre-IPO Share Option Scheme	Approximate percentage of interest in the Company
Ruan Wenjuan*	Beneficial owner	3,500,000	0.08%
Zhang Jin	Beneficial owner	3,500,000	0.08%
Li Bin	Beneficial owner	2,300,000	0.05%
Dong Xueer	Beneficial owner	1,890,000	0.04%

* As Chairman Zhang is the spouse of Ms. Ruan Wenjuan, Chairman Zhang is deemed to be interested in the above underlying Shares held by Ms. Ruan Wenjuan.

(c) Interest in shares of associated corporation

Name of Director	Nature of interest	Name of associated corporation	Approximate percentage of shareholding
Chairman Zhang	Beneficial owner	Alltogether	100%
Lin Yaoquan	Beneficial owner	Shantou Glory Construction Materials and Household Exhibition Center Co., Ltd.* (汕頭國瑞建材家居博覽中心有限公司)	10%

(d) Interest in debentures of the Company

US$295,000,000 13.5% senior notes due 2022 (additional notes) (to be consolidated and form a single series with the US$160,000,000 13.5% senior notes due 2022 issued on February 27, 2019) ("**2022 Senior Notes**"):

Director	Nature of interest	Amount of debentures of the Company held	Approximate percentage of interest of 2022 Senior Notes as at December 31, 2019
Chairman Zhang[1]	Interest of a controlled corporation	US$18,000,000	3.96%[2]
Ruan Wenjuan	Interest of spouse	US$18,000,000	3.96%[2]

Notes:

(1) Alltogether is wholly-owned by Chairman Zhang. As such, Chairman Zhang, through Alltogether, is indirectly interested in the debentures held by Alltogether.

(2) Proportionate interests is calculated based on the principal amount in aggregate of 2022 Senior Notes.

All interests in the shares and underlying shares of the Company and its associated corporation are long positions.

Save as disclosed above, as at December 31, 2019, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any associated corporation (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 or short positions which they were 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 to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS INTERESTS AND SHORT POSITION SHARES

As at December 31, 2019, the following persons had an interest or short position in Shares or underlying Shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 5% or more of the issued share capital of the Company, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Interest in Shares of the Company

Name of substantial shareholder	Nature of interest	Number of Shares	Approximate percentage of interest in the Company
Chairman Zhang[1]	Interest of a controlled corporation	3,397,713,570	76.45%
	Interest of a child under 18 or spouse	3,500,000	0.08%
Alltogether	Beneficial owner	3,397,713,570	76.45%

Note (1): Alltogether is wholly-owned by Chairman Zhang. As such, Chairman Zhang, through Alltogether, is indirectly interested in the Shares held by Alltogether. Further, as Ms. Ruan Wenjuan, an executive Director of the Company, is the spouse of Chairman Zhang, Chairman Zhang is deemed to be interested in the underlying shares held by Ms. Ruan Wenjuan and Ms. Ruan Wenjuan is also deemed to be interested in the Shares held by Alltogether under the SFO.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save for the transaction as disclosed in the section "Non-exempt Continuing Connected Transactions" below and the material related party transactions as disclosed in note 52 to the consolidated financial statements of this annual report, there were no other transactions, arrangements or contracts of significance in relation to the Group's business to which the Company's holding company or any of its subsidiaries was a party, and in which a Director or its connected entities or any of the controlling shareholders of the Company had a material interest (whether directly or indirectly) subsisting at the end of the year or at any time for the Reporting Period.

ISSUANCE OF SENIOR NOTES

On February 27, 2019, the Company successfully issued US$160,000,000 13.5% senior notes due February 28, 2022 listed on the Stock Exchange. Further details of the issuance of senior notes were disclosed in the announcements of the Company dated February 21, 2019, February 26, 2019 and February 27, 2019 and note 40 to the consolidated financial statements of this annual report. The Company intends to use it for refinancing certain of the existing indebtedness of the Company and for general working capital purposes of the Company.

On March 15, 2019, the Company successfully issued additional US$295,000,000 13.5% senior notes due February 28, 2022 listed on the Stock Exchange. Further details of the issuance of senior notes were disclosed in the announcements of the Company dated March 8, 2019, March 13, 2019 and March 15, 2019 and note 40 to the consolidated financial statements of this annual report. The Company intends to use it for refinancing certain of the existing indebtedness of the Company and for general working capital purposes of the Company.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. Entering into the Property Management Services Framework Agreement with Beijing Glory Property Services Co., Ltd.* (北京國瑞物業服務有限公司) ("Glory Services")

On September 20, 2017, the Company and Glory Services entered into the Property Management Services Framework Agreement for the engagement of Glory Services by the Company to provide property management related services. Glory Services is a company controlled by Chairman Zhang. Therefore, pursuant to Chapter 14A of the Listing Rules, Glory Services is a connected person of the Company, and the transactions under the Property Management Services Framework Agreement constitute continuing connected transactions of the Company. Upon calculation, the applicable highest percentage ratio for the annual cap with respect to the transactions under the Property Management Services Framework Agreement exceeds 0.1% but is less than 5%. Therefore, these transactions are subject to the announcement requirement under Chapter 14A of the Listing Rules but are exempted from the independent shareholders' approval requirement. Further details of the continuing connected transaction were disclosed in the announcement of the Company dated September 20, 2017.

The total amount of fees charged by Glory Services to the Group for the year ended December 31, 2019 was RMB24.45 million which did not exceed the annual cap of the transactions for 2019 of RMB47.51 million.

2. Entering into six Commercial Management Services Agreements with the Commercial Management Services Group (as defined below)

On September 20, 2017, the members of the Group and Beijing Glory Industrial Commercial Management Limited* (北京國瑞興業商業管理有限公司), Foshan Yinhe Ruixing Commercial Management Co., Ltd.* (佛山市銀和瑞興商業管理有限公司) and Shenyang Guorui Xingda Enterprise Management Co., Ltd* (瀋陽國瑞興達企業管理有限公司) (collectively, the "**Commercial Management Services Group**") respectively entered into six Commercial Management Services Agreements for the engagement of the Commercial Management Services Group by the Group to provide commercial management related services.

The Commercial Management Services Group are all companies controlled by Ms. Zhang Jin and her associates. Ms. Zhang Jin is a Director of the Company and daughter of the Chairman Zhang. Therefore, pursuant to Chapter 14A of the Listing Rules, the Commercial Management Services Group are all connected persons of the Company, and the transactions under the six Commercial Management Services Agreements all constitute continuing connected transactions of the Company. Upon calculation on an aggregate basis, the applicable highest percentage ratio for the annual cap with respect to the transactions under the six Commercial Management Services Agreements exceeds 0.1% but is less than 5%. Therefore, these transactions are subject to the announcement requirement under Chapter 14A of the Listing Rules but are exempted from the independent shareholders' approval requirement. Further details of the continuing connected transaction were disclosed in the announcement of the Company dated September 20, 2017.

The total amount of fees charged by the Commercial Management Services Group to the Group for the year ended December 31, 2019 was RMB35.85 million which did not exceed the annual cap of the transactions for 2019 of RMB94.84 million.

INDEPENDENT NON-EXECUTIVE DIRECTORS AND AUDITORS' CONFIRMATIONS

The independent non-executive Directors have reviewed the above non-exempt continuing connected transactions and they have confirmed that the transactions are conducted (i) in the Company's ordinary and usual course of business; (ii) on normal commercial terms (or terms no less favourable to the Company than terms available to or from independent third parties); and (iii) the terms are fair and reasonable and in the interest of the shareholders as a whole.

The Board confirmed that save as disclosed above, none of the related party transactions set out in note 52 to the consolidated financial statements constituted non-exempt connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules. Save as disclosed above, for the year ended December 31, 2019, the Group had not entered into any connected transactions or continuing connected transactions which are required to be disclosed in this annual report pursuant to the Listing Rules or not in compliance with Chapter 14A of the Listing Rules.

To comply with Rule 14A.56 of the Listing Rules, the Company's auditor has made reports on the Group's non-exempt continuing connected transactions and issued conclusion of the matters set out in Rule 14A.56 of the Listing Rules in respect of these transactions and confirmed that nothing come to their attention that causes them to believe the continuing connected transactions disclosed above:

(i) have not been approved by the Board;

(ii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and

(iii) have exceeded the annual cap.

NON-COMPETITION UNDERTAKING

Each of Mr. Zhang Zhangsun and Alltogether (the "**Controlling Shareholders**") has executed a deed of non-competition through which they have irrevocably and conditionally warranted and undertaken to the Company not to, whether directly or indirectly or as principal or agent, and whether on his/its own account or with each other or in conjunction with or on behalf of any person, firm or company or through any entities (except in or through any subsidiary of the Company) engage in businesses that are in competition with the Group.

The Controlling Shareholders have confirmed in writing to the Company of their compliance with the deed of non-competition for disclosure in this annual report for the Reporting Period.

The independent non-executive Directors have also reviewed the compliance by each of the Controlling Shareholders with the undertakings in the deed of non-competition for the Reporting Period. The independent non-executive Directors have confirmed that, as far as they can ascertain, there is no breach by any of the Controlling Shareholders of the undertakings in the deed of non-competition given by them.

EMOLUMENT POLICY

A remuneration committee was set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and contributions, time commitment and responsibilities of the Directors and senior management and salaries paid by comparable companies.

The Company has adopted a Pre-IPO Share Option Scheme (the "**Pre-IPO Share Option Scheme**"), a Post-IPO Share Option Scheme (the "**Post-IPO Share Option Scheme**") and a Share Award Scheme (the "**Share Award Scheme**") as incentive to eligible employees, details of the schemes are set out in the section headed "Pre-IPO Share Option Scheme", "Post-IPO Share Option Scheme"and "Share Award Scheme" below, respectively.

PRE-IPO SHARE OPTION SCHEME

The Company adopted the Pre-IPO Share Option Scheme on June 5, 2014 to enable the Company to encourage certain key employees to contribute to the Group for the long-term benefits of the Company and its Shareholders as a whole and provide the Group with a flexible means of either retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to its key employees.

The total number of Shares which may be issued upon the exercise of all options granted under the Pre-IPO Share Option Scheme to 54 grantees on or before June 16, 2014 is 67,076,800 Shares, representing approximately 1.51% of the issued share capital of the Company as at December 31, 2019. Save for the options which have been granted on or before June 16, 2014, no further options has be granted under the Pre-IPO Share Option Scheme on or after the Listing Date (i.e. July 7, 2014) and the terms which govern such further grant of options are accordingly removed. The exercise price for any option granted under the Pre-IPO Share Option Scheme is 60% of HK$2.38. The share options granted had been vested in three equal tranches on the first, second and third anniversary of the Listing Date (i.e. July 7, 2014), respectively. All share options will be expired after 7 years since the grant date. The validity period of the Pre-IPO Share Option Scheme is 10 years from the adoption date of such scheme by the Shareholders on June 5, 2014.

Further details of the Pre-IPO Share Option Scheme are set out in note 43 to the consolidated financial statements.

POST-IPO SHARE OPTION SCHEME

The Company adopted the Post-IPO Share Option Scheme on June 5, 2014 to enable the Company to grant options to any Director (including the independent non-executive Directors), full-time employee and consultant of the Group or any other eligible person who, in the Board's sole discretion, has contributed or will contribute to the Group (the "**Eligible Participants**") and provide the Group with a flexible means of either retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to the Eligible Participants. The purpose of the Post-IPO Share Option Scheme is to encourage the Eligible Participants to contribute to the Group for the long-term benefits of the Company and its Shareholders as a whole.

The total number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme or any other share option scheme adopted by the Company (including the Pre-IPO Share Option Scheme) shall not, in aggregate, exceed 10% of the total number of Shares in issue when the Post-IPO Share Option Scheme was adopted, unless with the prior approval from the Company's Shareholders. The maximum number of Shares in respect of which options may be granted under the Post-IPO Share Option Scheme to each eligible participant in any 12-month period up to the date of the grant shall not exceed 1% of Shares in issue, unless with the prior approval from the Company's Shareholders. Options granted to a Director, chief executive or substantial Shareholder of the Company or any of their respective associates shall be subject to the prior approval of the independent non-executive Directors. Where any option granted to a substantial Shareholder or an independent non-executive Director of our Company, or any of their respective associates, which would result in the Shares issued or to be issued upon exercise of all options already granted and to be granted to such person in the 12 month period, (i) representing in aggregate over 0.1% of the Shares in issue on the date of such grant; and (ii) having an aggregate value, based on the closing price of the Shares, in excess of HK$5 million, such grant of options shall be subject to the issue of a circular by the Company and prior approval of the Shareholders in general meeting on a poll at which all connected persons of the Company shall abstain from voting in favor. An offer of the grant of an option under the Post-IPO Share Option Scheme shall remain open for acceptance for 28 days from the date of grant. Upon acceptance of such grant, the grantee shall pay HK$1.00 (or such other sum in any currency as the Board may determine) to the Company as consideration. Options may be exercised in accordance with the terms of the Post-IPO Share Option Scheme and the terms of grant thereof at any time during the applicable option period, which is not more than ten years from the date of grant of option. The subscription price shall be determined by the Board, in its sole discretion, and in any event shall be no less than the higher of (i) the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities; (ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the date of grant; and (iii) the nominal value of the Shares. The validity period of the Post-IPO Share Option Scheme will be 10 years from the adoption date of such scheme by the Shareholders on June 5, 2014.

Pursuant to the Post-IPO Share Option Scheme, the Company offered to certain Eligible Participants options to subscribe for an aggregate of 98,000,000 shares (representing approximately 2.21% of the issued share capital of the Company) in two tranches, all of which have lapsed as at December 31, 2019. As at December 31, 2019, there were no outstanding options granted under the Post-IPO Share Option Scheme by the Company.

The total number of shares available for issue under the Share Option Scheme are 424,661,712, representing 9.55% of the total number of shares in issue of the Company as at the date of this annual report.

SHARE AWARD SCHEME

The Company adopted the Share Award Scheme on June 5, 2014 to recognize the contribution of certain of the Company's employees and officers, especially those whom the Company considered to have contributed to the early development and growth of the Group and to provide financial incentives to them to remain with the Group and strive for the future development and expansion of the Company. A summary of the principal terms and conditions of the Share Award Scheme is set out in Appendix VIII to the Prospectus.

Pursuant to the Share Award Scheme, a total of four selected persons (namely Mr. Lin Yaoquan, Mr. Wu Yilong Ms. Zhang Miaoxiang and Ms. Zhang Chanjuan) were awarded a total of 33,617,700 shares. On June 10, 2014, Alltogether transferred a total of 33,617,700 Shares to TMF (Cayman) Ltd., a special purpose vehicle incorporated in the Cayman Islands, for the benefit of the selected persons.

No further Shares have been awarded under the Share Award Scheme for the year ended December 31, 2019.

Apart from Ms. Zhang Chanjuan, the other selected persons disclosed above are connected persons of the Group as defined in the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, save as disclosed in this report, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

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

CORPORATE GOVERNANCE

The Company is committed to maintaining the highest standard of corporate governance practices. The Company has complied with the code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules for the year ended December 31, 2019 with deviation from code provision A.2.1 which has already been stated in the Corporate Governance Report in this annual report. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 251 to 264 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

The Stock Exchange granted to the Company, at the time of its Listing in 2014, a waiver from strict compliance with Rule 8.08(1) of the Listing Rules (the "**Public Float Waiver**"). Pursuant to the Public Float Waiver, the Company's prescribed minimum percentage of shares which must be in the hands of the public must not be less than 15% of the total issued share capital of the Company. Based on the information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained the prescribed amount of public float as required by the Public Float Waiver as at the date of this annual report.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

On February 2020, Beijing Glory Xingye Real Estate Co., Ltd.* (北京國瑞興業地產股份有限公司), a subsidiary of the Company, acquired a syndicated loan of RMB3.5 billion from Bank of Communications Co., Ltd. Beijing Temple of Heaven Branch and Bank of Beijing Co., Ltd. Guangming Branch. Details of the syndicated loan were disclosed in the announcement of the Company dated January 23, 2020.

CHARITABLE DONATIONS

For the Reporting Period, the Group made charitable and other donations in a total amount of RMB9 million.

AUDITOR

Deloitte Touche Tohmatsu has acted as auditor of the Company for the Reporting Period. There has been no change in the Company's auditors in any of the preceding three years. Deloitte Touche Tohmatsu shall retire in the forthcoming AGM and, being eligible, will offer themselves for re-appointment. A resolution for the re-appointment of Deloitte Touche Tohmatsu as auditor of the Company will be proposed at the forthcoming AGM.

PROFESSIONAL TAX ADVICE RECOMMENDED

If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the Shares, they are advised to consult an independent expert.

On behalf of the Board
Zhang Zhangsun
Chairman

Shenzhen, the PRC, April 28, 2020

Corporate Governance Report

The Board is pleased to present this corporate governance report in the annual report of the Company for the Reporting Period.

CORPORATE GOVERNANCE PRACTICES AND OTHER INFORMATION

The Company is committed to maintaining high standards of corporate governance with a view to assuring the conduct of the management of the Company as well as protecting the interests of the Shareholders. The Company has always recognized the importance of the Shareholders' transparency and accountability.

The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. Under the current organization structure of the Company, Mr. Zhang Zhangsun ("**Chairman Zhang**") is the chairman of the Board and the president of the Company. The roles of both chairman and president being performed by the same person deviate from the CG Code. Chairman Zhang has been overseeing the Group's strategic planning, development, operation and management since the Group was founded. The Company believes that the vesting of the roles of chairman and president in Chairman Zhang is beneficial to the business operations of the Group and will not have a negative impact on the management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprise experienced and high caliber individuals. The Board currently comprises six executive Directors and three independent non-executive Directors, and therefore has fairly strong independence in its composition. Save as disclosed herein, the Company has complied with the code provisions as set out in the CG Code for the Reporting Period. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

THE BOARD

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 four Board committees including the Audit Committee, the Remuneration Committee, the Nomination Committee and the Internal Control Committee (together, the "**Board Committees**"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference. The independent non-executive Directors possess respectively professional qualifications and related management experience in the areas of financial accounting, law and real estate and have contributed to the Board with their professional opinions.

The Board is also responsible for maintaining and reviewing the effectiveness of the internal control system of the Group. It has carried out reviews of the existing implemented system and procedures, including internal control measures of financial and operational compliance and risk management functions of the Group.

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.

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

Board Composition

The Board currently comprises six executive Directors, namely Mr. Zhang Zhangsun, Ms. Ruan Wenjuan, Ms. Zhang Jin, Mr. Lin Yaoquan, Ms. Dong Xueer and Mr. Li Bin, and three independent non-executive Directors, namely Mr. Luo Zhenbang, Mr. Lai Siming and Ms. Chen Jingru. The biographies of the Directors are set out under the section headed "Directors' and Senior Management's Profiles" of this annual report.

For the Reporting Period, the Board at all times met the requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

Under Rule 3.10A of the Listing Rules, listed issuers are required to appoint independent non-executive Directors representing at least one-third of the Board. The Company has three independent non-executive Directors currently representing one-third of the Board and therefore the Company has complied with Rule 3.10A of the Listing Rules.

Under code provision A.5.6 of the CG Code, listed issuers are required to adopt a board diversity policy. The Company has adopted a board diversity policy and therefore complied with this code provision. A summary of the board diversity policy is set out under "Board Committees – Nomination Committee" below.

The Company has received written annual confirmation from each independent non-executive Director of his/her 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.

Ms. Ruan Wenjuan, Ms. Zhang Jin and Mr. Lin Yaoquan are, respectively, the spouse, daughter and brother-in-law of Mr. Zhang Zhangsun, the Chairman and one of the Controlling Shareholders of the Company. Save as disclosed in this annual report, 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, the Nomination Committee and the Internal Control Committee.

With regards to the CG Code provision requiring directors to disclose to the issuer the number and nature of offices held in public companies or organizations and other significant commitments as well as their identity and an indication of the time involved, all the Directors have agreed to disclose their commitments and any change to the Company in a timely manner.

Directors' Training and Continuous Professional Development

All directors should keep abreast of the responsibilities as a director, and of the conduct and business activities of the Company. The Company is responsible for arranging and funding suitable induction programme and on-going training and professional development programme for the Directors. Accordingly, the Company will arrange an induction programme for any newly-appointed director before his/her formal appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and all relevant legal and regulatory requirements.

The Company also arranges regular seminars to provide all Directors with updates on the latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties. The Joint Company Secretaries from time to time update and provide written training materials relating to the roles, functions and duties of a Director and encourage all the Directors to study such materials, and they are required to submit a signed training record to the Company on an annual basis.

For the Reporting Period, each of the Directors, namely Mr. Zhang Zhangsun, Ms. Ruan Wenjuan, Ms. Zhang Jin, Mr. Lin Yaoquan, Ms. Dong Xueer, Mr. Li Bin, Mr. Luo Zhenbang, Mr. Lai Siming and Ms. Chen Jingru has attended a formal and comprehensive training. The Company has received confirmation from all Directors of their respective training records for the Reporting Period.

Chairman and President

Under 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 organization structure of the Company, Mr. Zhang Zhangsun is our Chairman of the Board and president. With extensive experience in the property industry, the Board considers that vesting the roles of chairman and president in the same person is beneficial to the business prospects and management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprise experienced and high caliber individuals. The Board currently comprises six executive Directors and three independent non-executive Directors and therefore has a fairly strong independence element in its composition.

Appointment and Re-Election of Directors

The executive Directors, namely Mr. Zhang Zhangsun, Ms. Ruan Wenjuan and Ms. Zhang Jin, have entered into service agreements with the Company on July 7, 2017 for a term of three years and may be terminated in accordance with the respective terms of the service agreements.

Mr. Lin Yaoquan, an executive Director, has entered into a service agreement with the Company on April 12, 2019 for a term of three years and may be terminated in accordance with the respective terms of the service agreement.

The executive Directors, namely Mr. Li Bin and Ms. Dong Xueer, have entered into service agreements with the Company on June 14, 2019 for a term of three years and may be terminated in accordance with the respective terms of the service agreements.

Each of the independent non-executive Directors has signed a letter of appointment with the Company on July 7, 2017, for a term of three years and may be terminated in accordance with the respective terms of the letter of appointments.

None of the Directors has a service agreement which is not terminable by the Group within one year without payment of compensation (other than statutory compensation).

In accordance with the Company's articles of association (the "**Articles**"), one-third of the Directors for the time being shall retire from office by rotation at every annual general meeting of the Company and all Directors are subject to retirement by rotation at least once every three years. The Board shall have power from time to time and at any time to appoint any person as a director either to fill a casual vacancy or as an addition to the Board. Any director so appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election of that meeting. Subject to the Articles and the Companies Law of the Cayman Islands, the Company may by ordinary resolution elect any person to be a director either to fill a casual vacancy or as an addition to the existing Directors. Any director so appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

At the forthcoming AGM, Ms. Ruan Wenjuan, Mr. Lai Siming, Ms. Zhang Jin, Ms. Dong Xueer and Mr. Li Bin, shall retire and being eligible, shall offer themselves for re-election accordingly.

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 the appointment, re-election and succession planning of Directors.

Board Meetings

The Company adopted the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of not less than fourteen days 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 Committees 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 meetings to ensure that they have sufficient time to review the papers and be adequately prepared for the meetings. When Directors or committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting. Minutes of meetings are kept by the Joint Company Secretaries with copies circulated to all Directors for information and records.

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

For the Reporting Period, twelve 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. Zhang Zhangsun	12/12
Ms. Ruan Wenjuan	12/12
Ms. Zhang Jin	12/12
Mr. Lin Yaoquan (appointed on April 12, 2019)	06/06
Ms. Dong Xueer (appointed on June 14, 2019)	03/03
Mr. Li Bin (appointed on June 14, 2019)	03/03
Mr. Luo Zhenbang	12/12
Mr. Lai Siming	12/12
Ms. Chen Jingru	12/12
Mr. Ge Weiguang (retired on May 28, 2019)	08/08

Model Code for Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries with all the Directors, each of the Directors has confirmed that he/she has complied with the Model Code for the Reporting Period.

Delegation by the Board

The Board reserves for its decision 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 resources 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.

Corporate Governance Function

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

(i) to formulate and review the Company's policy and practices on corporate governance and make recommendations to the Board;

(ii) to review and monitor the training and continuous professional development of directors and senior management;

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

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

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

General Meetings

For the Reporting Period, one general meeting was held on May 28, 2019 and the attendance of the individual Directors at the meeting is set out in the table below:

Directors	**Attended/ Eligible to attend**
Mr. Zhang Zhangsun	1/1
Ms. Ruan Wenjuan	1/1
Ms. Zhang Jin	1/1
Mr. Lin Yaoquan (appointed on April 12, 2019)	1/1
Ms. Dong Xueer (appointed on June 14, 2019)	0/0
Mr. Li Bin (appointed on June 14, 2019)	0/0
Mr. Luo Zhenbang	1/1
Mr. Lai Siming	1/1
Ms. Chen Jingru	1/1
Mr. Ge Weiguang (retired on May 28, 2019)	0/0

BOARD COMMITTEES

Nomination Committee

The Nomination Committee comprises three members, being one executive Director, namely Mr. Zhang Zhangsun (chairman), and two independent non-executive Directors, namely Mr. Luo Zhenbang and Mr. Lai Siming. Accordingly, the majority of them are independent non-executive Directors.

The main duties of the Nomination Committee include:

– to review the structure, size and composition of the Board and make recommendations regarding any proposed changes;

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

– to make recommendations to the Board on appointment or re-appointment of and succession planning for Directors; and

– to assess the independence of independent non-executive Directors.

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 written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

With a view to enhancing Board effectiveness and corporate governance, the Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgment.

The Company has adopted the Board Diversity Policy with measurable objectives. The Nomination Committee evaluates the balance and blend of skills, experience and diversity of perspectives of the Board. Selection of candidates is based on a range of diversity perspectives, including but not limited to age, cultural and educational background, professional and industry experience, skills, knowledge, ethnicity and other qualities essential to the Company's business, and merit and contribution that the selected candidates will bring to the Board. The Board will review such measurable objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

For the Reporting Period, 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. Zhang Zhangsun	1/1
Mr. Luo Zhenbang	1/1
Mr. Lai Siming	1/1

The nomination committee was took into account the board diversity policy adopted by the Company and also assess the independence of the independent non-executive Directors and has made recommendations to the Board on the re-appointment of Mr. Lin Yaoquan as an executive Director and Ms. Chen Jingru and Mr. Luo Zhenbang as independent non-executive Directors of the Company.

Remuneration Committee

The Remuneration Committee comprises three members, being two independent non-executive Directors, namely Mr. Lai Siming (chairman) and Mr. Luo Zhenbang, and one executive Director, namely Ms. Ruan Wenjuan. Accordingly, the majority of them are independent non-executive Directors.

The main duties of the Remuneration Committee include:

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

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

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

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

(v) to consider salaries paid by comparable companies, time commitment and responsibilities, and employment terms for other positions of the Group.

The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

For the Reporting Period, 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. Lai Siming	1/1
Ms. Ruan Wenjuan	1/1
Mr. Luo Zhenbang	1/1

The Remuneration Committee discussed and reviewed the remuneration policy for all Directors and senior management of the Company, and made recommendations to the Board on the remuneration packages of individual executive and non-executive Directors and senior management.

Details of the remuneration by band of the five members of the senior management of the Company, whose biographies are set out on pages 233 to 234 of this annual report, for the Reporting Period are set out below:

Remuneration band (RMB'000)	**Number of individual**
700 to 1,000	2
1,000 to 1,500	3
above 1,500	0

Audit Committee

The Audit Committee comprises three independent non-executive Directors, namely Mr. Luo Zhenbang (chairman), Mr. Lai Siming and Ms. Chen Jingru. The main duties of the Audit Committee include:

– to monitor and review the financial statements, annual reports and accounts, half-year reports and quarterly reports (if any), and to review significant financial reporting judgments contained in them and to consider any significant or unusual items raised by the internal audit division or external auditor before submission to the Board;

– to review the relationship with the external auditor by reference to the work performed by the auditor, their fees and terms of engagement, and make recommendations to the Board on the appointment, re-appointment and removal of external auditor; and

– to review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures, including the adequacy of the resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

For the Reporting Period, two meetings of the Audit Committee were held and the attendance record of the Audit Committee members is set out in the table below:

Directors	**Attended/ Eligible to attend**
Mr. Luo Zhenbang	2/2
Mr. Lai Siming	2/2
Ms. Chen Jingru	2/2

The Audit Committee reviewed the financial reporting system, compliance procedures, internal control (including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting functions), risk management systems and processes, performed the corporate governance duties delegated by the Board and re-appointed the external auditor. The Board had not deviated from any recommendation given by the Audit Committee on the selection, appointment, resignation or dismissal of external auditor.

They also reviewed interim and final results of the Company and its subsidiaries for the fiscal year as well as the audit report prepared by the external auditor relating to accounting issues and major findings in the course of audit. There are proper arrangements for employees, in confidence, to raise concerns about possible improprieties in financial reporting, internal control and other matters. The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

Internal Control Committee

The Internal Control Committee comprises three members, being two independent non-executive Directors, namely Ms. Chen Jingru (chairman) and Mr. Luo Zhenbang, and one executive Director, namely Ms. Ruan Wenjuan. Accordingly, the majority of them are independent non-executive Directors. The main duties of the Internal Control Committee include:

(i) to formulate and implement internal control handbook, policies and guidelines in relation to project management, cash flow management, capital management and internal audit procedures and make recommendations to the Board;

(ii) to monitor the Company's internal control status, including but not limited to project development, lease registration and non-compliant inter-company loans;

(iii) to develop and monitor the implementation of internal control communication channels between different departments within the Company to ensure their effectiveness; and

(iv) to review and discuss the solutions to regulatory, compliance and internal control related matters and report to the Board on a quarterly basis.

For the Reporting Period, two meetings of the Internal Control Committee were held and the attendance record of the Internal Control Committee members is set out in the table below:

Directors	Attended/ Eligible to attend
Ms. Chen Jingru	2/2
Mr. Luo Zhenbang	2/2
Ms. Ruan Wenjuan	2/2

The Internal Control Committee reviewed the Company's internal control status, internal audit policy and procedures, human resources policy and risk management system.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the remuneration of Directors and five highest paid employees have been set out in note 13 to the consolidated financial statements.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the Reporting Period in accordance with statutory requirements and applicable accounting standards, which give a true and fair view of the affairs of the Group and of its results and cash flows. The Directors also acknowledge their responsibilities to ensure that the financial statements of the Group are published in a timely manner.

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

The Directors 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 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 on pages 267 to 271 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is the responsibility of the Board for maintaining adequate risk management and internal control systems to safeguard Shareholders' investments and Company's assets and reviewing the effectiveness of such systems on an annual basis. The Group has established a robust risk management and internal control framework, which consists of the Board, the Audit Committee, the Internal Control Committee and the Senior Management of the Group. The Board further clarified that the aforementioned 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 Board, through the Audit Committee and Internal Control Committee, determines the nature and extent of risks that shall be taken in achieving the Group's strategic objectives, and has the overall responsibility for monitoring the overall effectiveness of risk management. The Group identifies key risks that would adversely affect the achievement of the Group's objectives, and assesses and prioritizes the identified risks according to a set of standard criteria. Risk mitigation plans are then established by the risk owners to manage the risk to acceptable level.

The Group's internal audit department plays a major role in monitoring the internal governance of the Company. The major tasks of the internal audit department are reviewing the financial conditions and internal control of the Company and conducting comprehensive audits of all subsidiaries of the Company on a regular basis.

The Board, through the Audit Committee and Internal Control Committee, has conducted a review of the effectiveness of the risk management and internal control systems of the Company and its subsidiaries covering all material controls, including financial, operational and supervisory controls and risk management functions and, in particular, considering the adequacy of resources, staff qualifications and experience, training programs and budget of the Group's accounting and financial reporting function. Based on comments from the Audit Committee and Internal Control Committee, the Board considered such systems to be effective and adequate.

The Company takes the Guidelines on Disclosure of Inside Information issued by the Securities and Futures Commission of Hong Kong as the Company's basis of identification of inside information, to ensure the timely report of inside information to the executive directors and maintain communication with the Board. Meanwhile, the Company handles and disseminates the inside information according to the related policy to ensure that the inside information is kept confidential before being approved for dissemination and the relevant information will be released effectively and conformably.

AUDITORS' REMUNERATION

For the Reporting Period, the fees payable to the external auditor, Deloitte Touche Tohmatsu, was RMB3.7 million for audit services and RMB1.7 million for other services including but not limited to review of interim results and preliminary announcement.

JOINT COMPANY SECRETARIES

Ms. Zheng Jin, the Joint Company Secretary, is responsible for advising the Board on corporate governance matters and ensuring that the Board policy and procedures, and the applicable laws, rules and regulations are followed.

In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company also engages Ms. Kwong Yin Ping, Yvonne, vice president of SWCS Corporate Services Group (Hong Kong) Limited (a company secretarial services provider), as its Joint Company Secretary to assist Ms. Zheng Jin to discharge her duties as company secretary of the Company. The primary corporate contact person at the Company is Ms. Zheng Jin, the Board Secretary and Joint Company Secretary.

For the Reporting Period, Ms. Zheng Jin and Ms. Kwong Yin Ping, Yvonne have undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

DIVIDEND POLICY

The Board of Directors shall recommend dividends based on the actual and expected financial results of the Group, the overall business conditions and business strategy of the Group, the relevant Company laws and the Articles of Association of the Company and other relevant factors that the Board considers. The Company may, from time to time, declare a dividend to the shareholders of the Company at the shareholders' meeting, but may not exceed the amount of dividends recommended by the Board of Directors.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

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

The annual general meeting(s) of the Company provides opportunity for Shareholders to communicate directly with the Directors. The Chairman of the Company, and the chairmen of the Board Committees of the Company will attend the annual general meeting(s) to answer Shareholders' questions. The external auditor of the Company will also attend the annual general meeting(s) to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies 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 www.glorypty.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' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at Shareholder meetings, including the 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 Stock Exchange and the Company in a timely manner after each Shareholder meeting.

Convening of extraordinary general meeting and putting forward proposals

Pursuant to article 12.3 of the Articles, general meetings shall be convened on the written requisition of any two or more members of the Company deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. General meetings may also be convened on the written requisition of any one member of the Company which is a recognised clearing house (or its nominee(s)) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionist, provided that such requisitionist held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company. As regards proposing a person for election as a Director, the procedures are available on the Company's website.

Enquiries to the Board

Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries to the principal place of business of the Company in Hong Kong at RM2802, 28/F, Harbour Centre, 25 Harbour Road, Wan Chai, Hong Kong (email address: ir@glorypty.com).

CHANGE IN CONSTITUTIONAL DOCUMENTS

There is no significant change in constitutional documents of the Company during the Reporting Period.

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Zhang Zhangsun *(Chairman)*
Ms. Ruan Wenjuan
Ms. Zhang Jin
Mr. Lin Yaoquan
Ms. Dong Xueer
Mr. Li Bin

Independent Non-Executive Directors

Mr. Luo Zhenbang
Mr. Lai Siming
Ms. Chen Jingru

JOINT COMPANY SECRETARIES

Ms. Zheng Jin (CPA)
Ms. Kwong Yin Ping, Yvonne (FCIS, FCS)

AUTHORIZED REPRESENTATIVES

Mr. Zhang Zhangsun
Ms. Zheng Jin

AUDIT COMMITTEE

Mr. Luo Zhenbang *(Committee Chairman)*
Mr. Lai Siming
Ms. Chen Jingru

REMUNERATION COMMITTEE

Mr. Lai Siming *(Committee Chairman)*
Ms. Ruan Wenjuan
Mr. Luo Zhenbang

NOMINATION COMMITTEE

Mr. Zhang Zhangsun *(Committee Chairman)*
Mr. Luo Zhenbang
Mr. Lai Siming

INTERNAL CONTROL COMMITTEE

Ms. Chen Jingru *(Committee Chairman)*
Ms. Ruan Wenjuan
Mr. Luo Zhenbang

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants
Public Interest Entity Auditor
registered in accordance with the
Financial Reporting Council Ordinance

PRINCIPAL BANKERS

Industrial and Commercial Bank of China Limited
Agricultural Bank of China Limited
Bank of China Limited
China Construction Bank Corporation
Bank of Beijing Co., Ltd.

LEGAL ADVISORS

As to Hong Kong Law
Baker & McKenzie
14/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

REGISTERED OFFICE

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

CORPORATE HEAD OFFICE IN HONG KONG

RM2802, 28/F, Harbour Centre,
25 Harbour Road, Wan Chai
Hong Kong

CORPORATE HEADQUARTERS IN PEOPLE'S REPUBLIC OF CHINA

East Block, Hademen Plaza, 8-1#Chongwenmenwai Street
Dongcheng District, Beijing
PRC

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 AND TRANSFER OFFICE

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

LISTING INFORMATION

Share Listing

The Company's ordinary shares
The Stock Exchange of Hong Kong Limited
Stock Code: 02329

Senior Notes Listing

The Stock Exchange of Hong Kong Limited
Stock Code: 05110
Stock Code: 05834

WEBSITE

http://www.glorypty.com

For the year ended December 31, 2019

Deloitte. 德勤

TO THE SHAREHOLDERS OF GUORUI PROPERTIES LIMITED (INCORPORATED UNDER THE NAME OF "GLORY LAND COMPANY LIMITED (國瑞置業有限公司)" IN THE CAYMAN ISLANDS AND CARRYING ON BUSINESS IN HONG KONG AS "GUORUI PROPERTIES LIMITED")

OPINION

We have audited the consolidated financial statements of Guorui Properties Limited (incorporated under the name of "**Glory Land Company Limited (國瑞置業有限公司)**" in the Cayman Islands and carrying on business in Hong Kong as "**Guorui Properties Limited**") (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 272 to 415, which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("**ISAs**") issued by the International Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
We identified the valuation of investment properties as a key audit matter because the valuation process is based on an estimation of future results, a set of assumptions and a determination of key inputs, which are judgmental. Any changes to these inputs may have a significant impact on the fair value. The management determined the fair value of the Group's investment properties at December 31, 2019 with the assistance of an external valuer. Details of the investment properties and the related key estimation uncertainty are set out in notes 17 and 4 to the consolidated financial statements respectively.	Our procedures in relation to valuation of investment properties included: • Evaluating the competence, capabilities and objectivity of the external valuer engaged by the management; • Obtaining a copy of valuation report prepared by the external valuer and discussing with the external valuer to understand the basis of determination of valuation; and • Challenging the external valuer the methodologies and judgments used in valuing the investment properties and obtaining the market evidence that the external valuer used to support the key inputs.
Revenue from property sales	
We identified the revenue from property sales as a key audit matter due to the significance of the amount and volume of sales transactions recognized during the year. Details of revenue from property sales are set out in note 5 to the consolidated financial statements.	Our procedures in relation to revenue from property sales included: • Understanding the design and testing the implementation of key internal controls over revenue recognition for property sales on a sample basis; and • Selecting property sales transactions on a sample basis and: – reading the signed sales and purchase agreements to understand the relevant terms of the timing of property delivery and transfer of control; – obtaining evidence regarding the property delivery and transfer of control; and – reconciling the monetary amounts of recorded transactions and related payments to the signed sales and purchase agreements.

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

- 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.

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

The engagement partner on the audit resulting in the independent auditor's report is Lam Kam Chiu.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

April 28, 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2019

	NOTES	Year ended December 31, 2019 RMB'000	2018 RMB'000
Revenue	5		
Contract with customers		**7,484,658**	6,102,294
Leases		**608,518**	510,191
Total revenue		**8,093,176**	6,612,485
Cost of sales and services		**(5,954,455)**	(4,013,283)
Gross profit		**2,138,721**	2,599,202
Other gains and losses	7	**4,856**	67,364
Impairment losses under expected credit loss model, net of reversal	11	**(27,213)**	–
Other income	8	**176,326**	159,267
Change in fair value of investment properties		**1,061,366**	907,791
Distribution and selling expenses		**(305,948)**	(206,799)
Administrative expenses		**(556,802)**	(507,815)
Other expenses	9	**(20,115)**	(53,252)
Share of losses of joint ventures		**(19,786)**	(11,939)
Share of losses of associates		**(565)**	(10,905)
Finance costs	10	**(404,677)**	(245,446)
Profit before tax		**2,046,163**	2,697,468
Income tax expense	14	**(826,550)**	(1,128,237)
Profit for the year	12	**1,219,613**	1,569,231
Other comprehensive income (expense)			
Items that will not be reclassified to profit or loss:			
Fair value gain (loss) on equity instruments at fair value through other comprehensive income ("**FVTOCI**")		**3,893**	(9,593)
Income tax relating to items that will not be reclassified to profit or loss		**(973)**	2,398
		2,920	(7,195)
Total comprehensive income for the year		**1,222,533**	1,562,036
Profit for the year attributable to:			
Owners of the Company		**859,764**	1,008,784
Non-controlling interests		**359,849**	560,447
		1,219,613	1,569,231

		Year ended December 31,	
	NOTE	**2019** **RMB'000**	2018 RMB'000
Total comprehensive income for the year attributable to:			
Owners of the Company		**862,421**	1,002,237
Non-controlling interests		**360,112**	559,799
		1,222,533	1,562,036
Earnings per share	*15*		
– Basic (RMB cents)		**19.34**	22.70
– Diluted (RMB cents)		**19.33**	22.60

Consolidated Statement of Financial Position

At December 31, 2019

	NOTES	At December 31, 2019 RMB'000	2018 RMB'000
Non-current Assets			
Investment properties	17	**21,150,000**	19,545,072
Property, plant and equipment	18	**1,885,865**	1,687,653
Right-of-use assets	19	**279,824**	—
Other non-current assets	20	**1,566,745**	1,409,257
Interests in joint ventures	21	**30,089**	24,375
Interests in associates	22	**5,000**	565
Equity instruments at FVTOCI	23	**32,400**	220,307
Prepaid lease payments	24	**—**	275,466
Deposit paid for acquisition of a subsidiary		**169,620**	—
Deferred tax assets	25	**536,185**	510,513
Restricted bank deposits	32	**719,615**	462,980
Value added tax and tax recoverable		**1,666,559**	1,680,675
		28,041,902	25,816,863
Current Assets			
Inventories		**61**	67
Deposits paid for acquisition of land	26	**369,301**	830,301
Properties under development for sale	27	**37,333,243**	36,371,398
Properties held for sale	27	**5,361,690**	4,372,328
Trade and other receivables, deposits and prepayments	29	**2,811,721**	2,290,445
Contract assets	30	**1,442,134**	1,223,570
Contract costs	31	**76,919**	36,321
Value added tax and tax recoverable		**791,981**	634,706
Amounts due from related parties	52	**4,440,856**	2,588,873
Prepaid lease payments	24	**—**	6,035
Restricted bank deposits	32	**959,615**	479,151
Bank balances and cash	33	**536,926**	1,030,143
		54,124,447	49,863,338

	NOTES	At December 31, 2019 RMB'000	2018 RMB'000
Current Liabilities			
Trade and other payables	*34*	**6,439,342**	6,757,015
Lease liabilities	*37*	**1,600**	—
Contract liabilities	*35*	**17,332,702**	11,208,252
Amounts due to related parties	*52*	**5,322,007**	4,265,166
Tax payable	*36*	**2,948,144**	2,874,075
Bank and trust borrowings – due within one year	*38*	**6,317,710**	9,037,963
Corporate bonds	*39*	**65,787**	998,765
Senior notes	*40*	**1,734,974**	3,768,364
		40,162,266	38,909,600
Net Current Assets		**13,962,181**	10,953,738
Total Assets less Current Liabilities		**42,004,083**	36,770,601
Non-current Liabilities			
Rental deposits received	*34*	**122,063**	106,312
Lease liabilities	*37*	**2,974**	—
Bank and trust borrowings – due after one year	*38*	**15,748,894**	14,261,021
Corporate bonds	*39*	**500,000**	54,670
Senior notes	*40*	**3,076,320**	677,419
Deferred tax liabilities	*25*	**3,925,302**	3,840,352
		23,375,553	18,939,774
Net Assets		**18,628,530**	17,830,827
Capital and Reserves			
Share capital	*41*	**3,520**	3,520
Reserves		**12,541,509**	11,899,088
Equity attributable to owners of the Company		**12,545,029**	11,902,608
Non-controlling interests	*53*	**6,083,501**	5,928,219
Total Equity		**18,628,530**	17,830,827

The consolidated financial statements on pages 272 to 415 were approved and authorized for issue by the Board of Directors on April 28, 2020 and are signed on its behalf by:

Zhang Zhangsun **CHAIRMAN**	Ruan Wenjuan **DIRECTOR**

Consolidated Statement of Changes in Equity

For the year ended December 31, 2019

	Attributable to owners of the Company											
	Share capital *RMB'000*	Share premium *RMB'000*	Capital reserve *RMB'000*	Revaluation reserve *RMB'000*	FVTOCI reserve *RMB'000*	Other reserve *RMB'000* *(Note (i))*	Share-based payments reserve *RMB'000*	Statutory surplus reserve *RMB'000* *(Note (ii))*	Retained earnings *RMB'000*	Sub-total *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
At January 1, 2018	3,519	306,015	133,379	194,970	44,163	(58,030)	39,669	1,087,541	9,195,148	10,946,374	2,694,566	13,640,940
Profit for the year	–	–	–	–	–	–	–	–	1,008,784	1,008,784	560,447	1,569,231
Other comprehensive expense for the year	–	–	–	–	(6,547)	–	–	–	–	(6,547)	(648)	(7,195)
Total comprehensive (expense) income for the year	–	–	–	–	(6,547)	–	–	–	1,008,784	1,002,237	559,799	1,562,036
Transfer of reserves	–	–	–	–	–	–	–	131,833	(131,833)	–	–	–
Dividend declared to owners of the Company *(note 16)*	–	(300,000)	–	–	–	–	–	–	–	(300,000)	–	(300,000)
Dividend declared to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(270,000)	(270,000)
Exercise of share options *(note 43)*	1	2,012	–	–	–	–	(771)	–	–	1,242	–	1,242
Acquisitions of subsidiaries *(note 44)*	–	–	–	–	–	187,460	–	–	–	187,460	3,025,149	3,212,609
Acquisition of partial interest in a subsidiary *(Note (iii))*	–	–	–	–	–	64,810	–	–	–	64,810	(84,810)	(20,000)
Disposal of partial interest in a subsidiary *(Note (iv))*	–	–	–	–	–	485	–	–	–	485	3,515	4,000
At December 31, 2018	3,520	8,027	133,379	194,970	37,616	194,725	38,898	1,219,374	10,072,099	11,902,608	5,928,219	17,830,827

	Attributable to owners of the Company											
	Share capital *RMB'000*	Share premium *RMB'000*	Capital reserve *RMB'000*	Revaluation reserve *RMB'000*	FVTOCI reserve *RMB'000*	Other reserve *RMB'000* *(Note (i))*	Share-based payments reserve *RMB'000*	Statutory surplus reserve *RMB'000* *(Note (ii))*	Retained earnings *RMB'000*	Sub-total *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
Profit for the year	–	–	–	–	–	–	–	–	859,764	859,764	359,849	1,219,613
Other comprehensive income for the year	–	–	–	–	2,657	–	–	–	–	2,657	263	2,920
Total comprehensive income for the year	–	–	–	–	2,657	–	–	–	859,764	862,421	360,112	1,222,533
Transfer of reserves	–	–	–	–	–	–	–	95,579	(95,579)	–	–	–
Dividend declared to owners of the Company *(note 16)*	–	–	–	–	–	–	–	–	(220,000)	(220,000)	–	(220,000)
Dividend declared to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(127,400)	(127,400)
Lapsed of share options *(note 43)*	–	–	–	–	–	–	(3,158)	–	3,158	–	–	–
Acquisition of partial interest in a subsidiary *(Note (v))*	–	–	–	–	–	–	–	–	–	–	(4,551)	(4,551)
Disposal of a subsidiary *(note 45)*	–	–	–	–	–	–	–	–	–	–	(72,879)	(72,879)
Release upon disposal of equity instruments at FVTOCI *(note 23)*	–	–	–	–	(34,968)	–	–	–	34,968	–	–	–
At December 31, 2019	3,520	8,027	133,379	194,970	5,305	194,725	35,740	1,314,953	10,654,410	12,545,029	6,083,501	18,628,530

Notes:

(i) Other reserve mainly represents (a) the differences between the amount by which non-controlling interests are adjusted and the fair value of consideration paid or received by the Group (as defined in note 1) in acquiring or disposal of partial interests in existing subsidiaries and capital contribution from non-controlling equity holders of subsidiaries; and (b) deemed contribution from a related party of RMB187,460,000 arising from acquisition of businesses during the year ended December 31,2018, the details was set out in note 44.

(ii) In accordance with the Articles of Association of all subsidiaries established in the People's Republic of China (the "**PRC**"), those subsidiaries are required to transfer 10% of the profit after taxation to the statutory surplus reserve until the reserve reaches 50% of the registered capital. Transfer to this reserve must be made before distributing dividends to equity holders. The statutory surplus reserve can be used to make up for previous years' losses, expand the existing operations or convert into additional capital of the subsidiaries.

(iii) During the year ended December 31, 2018, Shenzhen Glory Real Estate Co., Ltd. 深圳國瑞興業房地產有限公司 ("**Shenzhen Glory Xingye**") has entered into an agreement with a third party to acquire 10% equity interest in Dachaoshan Real Estate Development Ltd. 深圳市大潮汕建設有限公司 ("**Shenzhen Dachaoshan**"), an existing subsidiary of the Group with a consideration of RMB20,000,000, of which RMB8,000,000 was paid in 2018 and RMB12,000,000 was paid during the year. The difference between the consideration paid and the carrying amount of the partial equity interest acquired amounting to RMB64,810,000 was recognized in other reserve.

(iv) During the year ended December 31, 2018, Shantou Garden Group Co., Ltd. 汕頭花園集團有限公司 ("**Garden Group**") disposed 20% equity interest in Shenzhen Glory Xingye Culture Development Ltd. 深圳國瑞興業文化發展有限公司 ("**Shenzhen Glory Xingye Culture**") to Longhu Huamu Market Co., Ltd. 汕頭市龍湖花木市場有限公司 ("**Longhu Huamu**") which is controlled by Ms. Zhang Youxi, sister of Mr. Zhang Zhangsun, with a consideration of RMB4,000,000, which has not yet been received up to December 31, 2019. The difference between consideration and the carrying amount of the partial equity interest disposed amounting to RMB485,000 was recognized in other reserve.

(v) During the year ended December 31, 2019, Beijing Glory Real Estate (Holding) Co., Ltd. 北京國瑞興業房地產控股有限公司 ("**New Beijing Glory**") acquired further 25% equity interest in Shantou Guohua Properties Real Estate Development Co., Ltd. 汕頭市國華置業地產開發有限公司 ("**Shantou Guohua**"), with a consideration of RMB4,551,000. Upon completion of this acquisition, the equity interest of Shantou Guohua was increased from 75% to 100% held by the Group.

Consolidated Statement of Cash Flows

For the year ended December 31, 2019

	Year ended December 31,	
	2019	2018
	RMB'000	*RMB'000*
OPERATING ACTIVITIES		
Profit before tax	**2,046,163**	2,697,468
Adjustments for:		
Amortization of other non-current assets	**2,530**	1,985
Amortization of prepaid lease payments	**—**	6,035
Amortization of contract costs	**8,200**	—
Changes in fair value of investment properties	**(1,061,366)**	(907,791)
Depreciation of property, plant and equipment	**75,983**	72,280
Depreciation of right-of-use assets	**6,858**	—
Finance costs	**404,677**	245,446
Impairment loss under expected credit loss model, net of reversal	**27,213**	—
Foreign exchange (gain) loss	**(3,665)**	54,320
Gain from changes in fair value of financial assets at FVTPL	**(344)**	(14)
Gain from remeasurement of retained equity interest	**—**	(121,250)
Gain on disposal of a subsidiary	**(925)**	(405)
Loss (gain) on disposal of property, plant and equipment	**78**	(15)
Interest income	**(129,735)**	(145,627)
Share of losses of associates	**565**	10,905
Share of losses of joint ventures	**19,786**	11,939
Operating cash flows before movements in working capital	**1,396,018**	1,925,276
Decrease (increase) in other non-current assets, properties under development for sale and properties held for sale	**147,793**	(1,415,980)
Increase in deposits paid for acquisition of land	**—**	(225,291)
Decrease (increase) in inventories	**6**	(6)
Increase in trade and other receivables, deposits and prepayments	**(32,369)**	(500,990)
(Increase) decrease in contract assets	**(12,422)**	144,910
Increase in contract costs	**(48,798)**	(36,321)
Increase in amounts due from related parties	**(15,242)**	—
Increase in amounts due to related parties	**31,691**	4,688
Decrease in trade and other payables	**(126,672)**	(1,492,891)
Increase in contract liabilities	**5,455,328**	3,401,839
Increase in restricted bank deposits	**(527,611)**	(423,030)
Cash from operations	**6,267,722**	1,382,204
Income tax and land appreciation tax paid	**(760,695)**	(639,940)
NET CASH FROM OPERATING ACTIVITIES	**5,507,027**	742,264

	NOTES	Year ended December 31, 2019 RMB'000	2018 RMB'000
INVESTING ACTIVITIES			
Interest received		**27,520**	14,088
Purchase of property, plant and equipment and intangible assets		**(129,105)**	(436,703)
Proceeds on disposal of property, plant and equipment		**1,701**	371
Payments for investment properties		**(336,065)**	(164,012)
Net cash inflow arising on acquisitions of subsidiaries	*44*	**—**	730,169
Disposal of a subsidiary	*45*	**(40)**	—
Payment of consideration payable for acquisition of subsidiaries in prior year		**—**	(7,000)
Proceeds on disposal of equity instruments at fair value through other comprehensive income		**134,260**	—
Net cash outflow on disposal of a subsidiary	*45*	**—**	(131)
Investments in associates		**(5,000)**	—
Investments in joint ventures		**(25,500)**	(25,500)
Purchase of entrusted financial products		**(64,000)**	(287,038)
Proceeds on disposal of entrusted financial products		**64,000**	287,038
Interest received from entrusted financial products		**—**	8,664
Proceeds on disposal of financial assets at FVTPL		**344**	111
Prepaid deposits for acquisition of a subsidiary		**(169,620)**	—
Advances to related parties		**(6,431,549)**	(2,801,978)
Repayments from related parties		**4,677,223**	4,979,061
Withdrawal of restricted bank deposits		**253,395**	277,284
Placement of restricted bank deposits		**(212,888)**	(69,904)
NET CASH (USED IN) FROM INVESTING ACTIVITIES		**(2,215,324)**	2,504,520

	Year ended December 31,	
	2019	2018
	RMB'000	*RMB'000*
FINANCING ACTIVITIES		
New bank borrowings raised	**9,143,324**	6,510,000
New trust borrowings raised	**—**	7,027,942
New borrowings from financial institutions loans raised	**2,496,793**	—
Repayments of bank borrowings	**(7,407,665)**	(13,027,922)
Repayments of trust borrowings	**(3,902,132)**	(2,407,000)
Repayments of borrowings from financial institutions	**(1,614,715)**	—
Repayments of lease liabilities	**(815)**	—
Advances from related parties	**8,168,912**	3,756,730
Repayments to related parties	**(6,929,648)**	(2,557,945)
Repayment of corporate bonds	**(500,320)**	(2,945,330)
Repayment of senior notes	**(3,477,605)**	—
Proceeds on issue of senior notes	**3,725,472**	2,222,540
Transaction costs paid for issuance of senior notes	**(169,595)**	(36,839)
Interest paid	**(2,480,442)**	(2,175,254)
Payments for acquisition of partial interest in a subsidiary	**(16,551)**	(8,000)
Exercise of share options	**—**	1,242
Dividends paid to owners of the Company	**(444,698)**	(95,811)
Dividends paid to non-controlling interests	**(125,240)**	(72,500)
Payments of financing deposits	**(249,995)**	—
NET CASH USED IN FINANCING ACTIVITIES	**(3,784,920)**	(3,808,147)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(493,217)**	(561,363)
CASH AND CASH EQUIVALENTS AT JANUARY 1, 2019	**1,030,143**	1,591,506
CASH AND CASH EQUIVALENTS AT DECEMBER 31, 2019, REPRESENTED BY BANK BALANCES AND CASH	**536,926**	1,030,143

Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

1. GENERAL

Guorui Properties Limited (the "**Company**") was incorporated in the Cayman Islands under the name of "Glory Land Company Limited (國瑞置業有限公司)" as an exempted company with limited liability under the Company Laws (2012 Revision) of the Cayman Islands on July 16, 2012 which carries on business in Hong Kong as "Guorui Properties Limited". Its parent and ultimate holding company is Alltogether Land Company Limited (通和置業有限公司) ("**Alltogether Land**"), a company incorporated in the British Virgin Islands. Mr. Zhang Zhangsun, who hold 100% equity interests of Alltogether Land, is the ultimate beneficial owner of the Company. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is located at East Block, Hademen Plaza, 8-1#Chongwenmenwai Street, Dongcheng District, Beijing, the PRC.

The Company's shares were listed on the mainboard of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company and its subsidiaries (collectively referred to as the "**Group**") are principally engaged in the business of property development, provision of primary land construction and development services, property investment, and provision of property management and related services.

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

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

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

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

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

Except for the application on IFRS 16 *Leases*, the application of the new and amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

New and amendment to IFRSs that are mandatorily effective for the current year (Continued)

2.1 IFRS 16 *Leases*

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

Definition of a lease

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

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

As a lessee

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

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

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

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

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

iii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of leasehold land and buildings in the People's Republic of China (the "**PRC**") was determined on a portfolio basis; and

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

New and amendment to IFRSs that are mandatorily effective for the current year (Continued)

2.1 IFRS 16 *Leases* (Continued)

As a lessee (Continued)

When recognizing the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 8.08%.

	At January 1, 2019 *RMB'000*
Operating lease commitments disclosed as at December 31, 2018	**2,832**
Lease liabilities discounted at relevant incremental borrowing rates	**2,711**
Less: Recognition exemption – short-term leases	**(1,584)**
Lease liabilities relating to operating leases recognized upon application of IFRS 16 as at January 1, 2019	**1,127**
Analyzed as	
Current	**171**
Non-current	**956**
	1,127

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

New and amendment to IFRSs that are mandatorily effective for the current year (Continued)

2.1 IFRS 16 *Leases* (Continued)

As a lessee (Continued)

The carrying amount of right-of-use assets for own use and those under subleases (classified as investment properties) as at January 1, 2019 comprises the following:

	Note	**Right-of-use assets** ***RMB'000***
Right-of-use assets relating to operating leases recognized upon application of IFRS 16		**1,127**
Reclassified from prepaid lease payments	*(a)*	**275,466**
Reclassified from prepaid lease payments-current portion	*(a)*	**6,035**
		282,628
By class:		
Leasehold lands		**281,501**
Land and buildings		**1,127**
		282,628

(a) Upfront payments for leasehold lands in the PRC were classified as prepaid lease payments as at December 31, 2018. Upon application of IFRS 16, the current and non-current portion of prepaid lease payments amounting to RMB6,035,000 and RMB275,466,000 respectively were reclassified to right-of-use assets.

As a lessor

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

(a) Upon application of IFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at January 1, 2019. The application has had no impact on the Group's consolidated statement of financial position at January 1, 2019. However, effective from January 1, 2019, lease payments relating to the revised lease term after modification are recognized as income on straight-line basis over the extended lease term.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

New and amendment to IFRSs that are mandatorily effective for the current year (Continued)

2.1 IFRS 16 *Leases* (Continued)

As a lessor (Continued)

(b) Before application of IFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which IAS 17 applied under trade and other payables. Based on the definition of lease payments under IFRS 16, such deposits are not payments relating to the right-of-use assets and were adjusted to reflect the discounting effect at transition.

(c) Effective on January 1, 2019, the Group has applied IFRS 15 *Revenue from Contracts with Customers* to allocate consideration in the contract to each lease and non-lease components. The change in allocation basis has had no material impact on the consolidated financial statements of the Group for the current year.

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

	Carrying amounts previously reported at December 31, 2018 *RMB'000*	Adjustments *RMB'000*	Carrying amounts under IFRS 16 at January 1, 2019 *RMB'000*
Non-current Assets			
Prepaid lease payments	275,466	(275,466)	–
Right-of-use assets	–	282,628	282,628
Current Assets			
Prepaid lease payments	6,035	(6,035)	–
Current Liabilities			
Lease liabilities	–	1,127	1,127

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

New and amendments to IFRSs in issue but not yet effective

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

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

1 Effective for annual periods beginning on or after January 1, 2021
2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after January 1, 2020
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after January 1, 2020
5 Effective for annual periods beginning on or after January 1, 2022

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

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

Amendments to IFRS 3 Definition of a Business

The amendments:

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

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

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

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after January 1, 2020, with early application permitted.

The optional concentration test and the amended definition of a business are not expected to have a significant impact to the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis except for the investment properties and certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

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

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

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

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

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

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

The principal accounting policies are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation

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

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

Changes in the Group's interests in existing subsidiaries

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

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

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

Business combinations

Acquisitions of businesses, other than business combination under common control are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

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

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 *Income Taxes and* IAS 19 *Employee Benefits* respectively; and

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations (Continued)

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and

- lease liabilities are recognized and measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognized and measured at the same amount as the relevant lease liabilities, adjusted to reflect favorable or unfavorable terms of the lease when compared with market terms.

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

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

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations (Continued)

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

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

Acquisition of a subsidiary not constitute a business

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

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates and joint ventures (Continued)

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

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

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

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

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

Interest in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with IFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognized in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognize its share of the gains and losses until it resells those assets to a third party.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers

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

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

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

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognized at a point in time when the customer obtains control of the distinct good or service.

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

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

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

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

Input method

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers (Continued)

Existence of significant financing component

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

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

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

Incremental costs of obtaining a contract

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

The Group recognizes such costs (e.g. sales commissions) as an asset if it expects to recover these costs. The asset so recognized is subsequently amortized to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortized to profit or loss within one year.

Leases

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

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

Allocation of consideration to components of a contract

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

Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

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

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of buildings that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets.

Lease payments on short-term lease and leases of low-value assets are recognized as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

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

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

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

Right-of-use assets (Continued)

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

Refundable rental deposits

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

Lease liabilities

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

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- amounts expected to be payable by the Group under residual value guarantees;

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

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

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/ expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

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

Lease modifications

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

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

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

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

The Group accounts for the remeasurement of lease liabilities and lease incentives from lessor by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as a lessee (prior to January 1, 2019)

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs (see the accounting policy below). Contingent rentals are recognized as expenses in the periods in which they are incurred.

Operating lease payments, including the cost of acquiring land held under operating leases, are recognized as an expense on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (prior to January 1, 2019) (Continued)

Lease incentives relating to operating leases are considered as integral part of lease payments, the aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis.

The Group as lessor (upon application of IFRS 16)

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognized as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs (other than those incurred by manufacturer or dealer lessors) are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognized as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model. Upon application of IFRS 16 on January 1, 2019, variable lease payments for operating leases that depend on an index or a rate are estimated and included in the total lease payments to be recognized on a straight-line basis over the lease term. Variable lease payments that do not depend on an index or a rate are recognized as income when they arise.

Rental income which are derived from the Group's ordinary course of business are presented as revenue.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies IFRS 15 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessor (upon application of IFRS 16) (Continued)

Lease modification

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

Foreign currencies

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

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Effective January 1, 2019, any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalization rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

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

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Short-term and other long-term employee benefit

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

A liability is recognized for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognized in profit or loss except to the extent that another IFRS requires or permits their inclusion in the cost of an asset.

Equity-settled share-based payment transactions

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

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

When share options are exercised, the amount previously recognized in share-based payments reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in share-based payments reserve will be transferred to retained earnings.

When shares granted are vested, the amount previously recognized in share-based payments reserve will be transferred to other reserve.

Taxation

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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

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

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

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

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

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

For the purposes of measuring deferred tax for leasing transactions in which the Group recognizes the right-of – use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognized at initial recognition and over the lease terms due to application of the initial recognition exemption.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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

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

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be use by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

Investment properties

Investment properties are properties held to earn rentals or/and for capital appreciation.

Effective January 1, 2019, investment properties also include leased properties which are being recognized as right-of-use assets upon application of IFRS 16 and subleased by the Group under operating leases.

Investment properties are measured initially at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values, adjusted to exclude any prepaid or accrued operating lease income. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

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

If an investment property becomes owner-occupied as evidenced by commencement of owner-occupation, the property will be reclassified as property, plant and equipment at its fair value at the date of transfer.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Effective January 1, 2019, a leased property which is recognized as a right-of-use asset upon application of IFRS 16 is derecognized if the Group as intermediate lessor classifies the sublease as a finance lease. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

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

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

Ownership interests in buildings

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

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

If a property becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item (including the relevant leasehold land under IFRS 16 or prepaid lease payments under IAS 17) at the date of transfer is recognized in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the property, the relevant revaluation reserve will be transferred directly to retained earnings.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately and are carried at costs less accumulated amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives. Amortization begins when the intangible asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognized separately from goodwill and are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at cost less accumulated amortization and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured at the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

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

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, intangible assets with finite useful lives and contract costs to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Properties under development for sale/Properties held for sale

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

Properties under development for sale are transferred to properties held for sale upon completion.

Transfer from inventories to investment properties carried at fair value

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

Provisions

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

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

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

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

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

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

Financial assets

Classification and subsequent measurement of financial assets

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

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

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

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("**FVTOCI**"):

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

A financial asset is held for trading if:

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

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

(i) Amortized cost and interest income

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

(ii) Equity instruments designated as at FVTOCI

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(iii) *Financial assets at FVTPL*

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(i) Significant increase in credit risk

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(i) Significant increase in credit risk (Continued)

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. The Group considers the changes in the risk that the specified debtor will default on the contract.

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

(ii) Definition of default

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

(iii) Credit-impaired financial assets

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

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

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

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

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

(e) the disappearance of an active market for that financial asset because of financial difficulties.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16 (since January 1, 2019) or IAS 17 (prior to January 1, 2019).

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

For ECL on financial guarantee contracts for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(v) *Measurement and recognition of ECL (Continued)*

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

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

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

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

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

Except for financial guarantee contracts, the Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, other receivables and amounts due from related parties, lease receivables and contract assets where the corresponding adjustment is recognized through a loss allowance account.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(v) Measurement and recognition of ECL (Continued)

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

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

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Financial liabilities

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

Financial liabilities at amortized cost

Financial liabilities including trade and other payables, amounts due to related parties, bank and trust borrowings, corporate bonds and senior notes are subsequently measured at amortized cost, using the effective interest method.

Financial guarantee contracts

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

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

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when the Group's obligations specified in the relevant contract is discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of applying the Group's accounting policies, which are described in note 3, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgments in applying accounting policies

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

Revenue recognition from property sales at a point in time

Under IFRS 15, control of the asset is transferred over time when the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. The Group may not change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the customers and thus the property unit does not have an alternative use to the Group, but significant judgment is required in determining whether the terms of the Group's contracts with customers in relation to property sales create an enforceable right to payment for the Group. The Group has considered the relevant contract terms and the legal environment. Based on the assessment, the Group concluded that it does not have an enforceable right to payment prior to transfer of the relevant properties to customers. Accordingly, revenue from the property sales is recognized at a point in time.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Critical judgments in applying accounting policies (Continued)

Deferred taxation on investment properties

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model under IAS 40 amounted to RMB21,150,000,000 (2018: RMB19,545,072,000), as at December 31, 2019, the Directors concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining the Group's deferred tax on investment properties, the Directors have determined the presumption that investment properties measured using the fair value model are recovered through sale is rebutted and the Group estimated the deferred tax on the basis of recovering through use.

Control over subsidiaries

The Group obtained the control of Guangdong Hongtaiguotong Estate Co., Ltd. 廣東宏泰國通地產有限公司 ("**Guangdong Hongtaiguotong**"), Tianjin Tianfurongsheng, Sanya Jingheng and Handan Guoxia (as defined in note 44) during the year ended December 31, 2018 although the Group has only 35% ownership interest in these entities as detailed in Note 44.

The Directors assessed whether or not the Group has control over these entities based on whether the Group has the practical ability to direct the relevant activities of these entities unilaterally. According to the articles of association of these entities, the Group has 67% voting rights in the shareholders' meeting and has right to appoint 2 out of 3 directors in the board of directors of these entities. Resolutions in shareholders' meeting of these entities are passed by more than two-thirds voting rights and in the board of directors of these entities are passed by majority votes. Therefore, the Directors concluded that the Group has control over those entities.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty

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

Fair value measurement of financial instruments

The Group's equity instruments at FVTOCI, amounting to RMB32,400,000 (2018: RMB220,307,000) as at December 31, 2019 are measured at fair values with fair values being determined based on unobserved inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could affect the reported fair values of these instruments. See note 51 for further disclosures.

Provision of ECL for trade receivables and contract assets

The Group uses provision matrix to calculate ECL for the trade receivables and contract assets arising from contracts with customers and lease receivable. The provision rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration reasonable and supportable forward-looking information that is available without undue cost or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables, lease receivables and contract assets with significant balances and credit impaired are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. The information about the ECL, the Group's trade receivables, and contract assets are disclosed in notes 51, 29, and 30 respectively.

Construction costs allocation

Certain projects of the Group are divided into several phases according to the development and delivery plans. Cost of sales including construction cost specific to the phases and common costs allocated to the phases are calculated based on the management's best estimation of the total development costs for the whole project and the allocation to each phase. When the actual common costs incurred are significantly more or less than expected, or changes in circumstances which result in revision of the management's estimates, the effect of such change is recognized prospectively in the profit or loss in the period of the change.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Primary land construction and development contracts

The Group carried out primary land construction and development projects for the Beijing Municipal People's Government (the "**BMPG**"). The Group recognized contract revenue on the primary land construction and development projects by reference to the recoverable costs incurred plus the fixed margin in accordance with relevant rules and regulations issued by the BMPG and other relevant agreements. Construction and development costs mainly comprise resettlement compensation, sub-contracting charges and costs of construction materials and are estimated by the management by reference to quotations provided by contractors and vendors and the past experience of the management. Estimation of the contract revenue and recoverable costs is subject to final approval from the BMPG. The Directors estimate contract revenue and recoverable costs based on latest available budgets of each primary land construction and development projects and current market conditions to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved. The final amounts will be approved by the BMPG and the differences from the estimation and approval will effect contract profit in the period in which the approval has been obtained.

Valuation of investment properties

External valuer was engaged to carry out an independent valuation of the Group's investment property portfolio as at December 31, 2019. The fair value of each investment property is individually determined at the end of the reporting period. The external valuer has applied the income capitalization approach and the direct comparison method. These methodologies are based on an estimation of future results, a set of assumptions and a determination of relevant key inputs specific to each property to reflect its tenancy and cash flow profile. Changes to these estimation, assumptions and key inputs would result in changes in the fair values of the Group's investment properties and the corresponding adjustments would be recognized in profit or loss.

Valuation of properties under development for sale acquired in business combination

External valuer was engaged to carry out an independent valuation of the fair value of the identifiable assets and liabilities acquired in business combination as detailed in note 44 as of the date of acquisition. The fair value of each property under development for sale is individually determined at the date of acquisition as the significant judgements involved in the valuation. The valuation process is based on an estimation of future results, a set of assumptions and a determination of key inputs, which are judgmental. Any changes to these inputs may have a significant impact on the fair value of properties under development for sale as of the date of acquisition. The management determined the fair value of the Group's properties under development for sale, together with other identifiable assets acquired and liabilities incurred, as of the date of acquisition with the assistance of an external valuer. The external valuer has applied the income approach and the direct comparison method. These methodologies are based on an estimation of future results, a set of assumptions and a determination of relevant key inputs specific to each property to reflect its cash flow profile.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Income tax expense

Deferred tax assets of RMB536,185,000 (2018: RMB510,513,000) were recognized as at December 31, 2019, after offsetting certain deferred tax liabilities as set out in note 25. No deferred tax assets were recognized on the tax losses of RMB404,163,000 (2018: RMB349,905,000) due to the unpredictability of future profit streams. The recognition of the deferred tax assets mainly depends on whether sufficient taxable profits or taxable temporary differences will be available in the future. The Directors determined the deferred tax assets based on the enacted or substantially enacted tax rates and profit forecasts of the Group for coming years during which the deferred tax assets are expected to be utilized. The Directors reviewed the assumptions and profit forecasts at the end of each reporting period. In cases where the actual future profits generated are more or less than expected, or changes in facts and circumstances, an additional recognition or a reversal of deferred tax assets may arise, which would be recognized in the profit or loss for the period in which such a recognition or reversal takes place.

Land appreciation tax ("LAT")

The Group is subject to LAT in the PRC. However, the implementation and settlement of the tax varies amongst different tax jurisdictions in various cities of the PRC and certain property development projects of the Group have not yet finalized their LAT calculations and payments with local tax authorities in the PRC. Accordingly, significant estimation is required in determining the amount of LAT and its related enterprise income tax. The Group recognized the LAT based on the management's best estimates. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense in the period in which such tax is finalized with local tax authorities.

LAT payable of the Group amounted to RMB1,543,169,000 (2018: RMB1,666,300,000) as at December 31, 2019.

5. REVENUE

(i) Disaggregation of revenue from contracts with customers and the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information

	For the year ended December 31, 2019				
	Property development RMB'000	Primary land construction and development services RMB'000	Property investment RMB'000	Property management and related services RMB'000	Total RMB'000
Timing of revenue recognition					
A point in time	7,256,704	–	–	21,692	7,278,396
Over time	–	206,262	–	–	206,262
Revenue from contracts with customers	7,256,704	206,262	–	21,692	7,484,658
Leases	–	–	608,518	–	608,518
Total revenue	7,256,704	206,262	608,518	21,692	8,093,176
Geographical market					
Mainland China	7,256,704	206,262	608,518	21,692	8,093,176

	For the year ended December 31, 2018				
	Property development RMB'000	Primary land construction and development services RMB'000	Property investment RMB'000	Property management and related services RMB'000	Total RMB'000
Timing of revenue recognition					
A point in time	5,924,612	–	–	–	5,924,612
Over time	–	156,451	–	21,231	177,682
Revenue from contracts with customers	5,924,612	156,451	–	21,231	6,102,294
Leases	–	–	510,191	–	510,191
Total revenue	5,924,612	156,451	510,191	21,231	6,612,485
Geographical market					
Mainland China	5,924,612	156,451	510,191	21,231	6,612,485

5. REVENUE (Continued)

(ii) Performance obligations for contracts with customers

Properties sales arising from property development (revenue recognized at a point in time)

For contracts entered into with customers on sales of properties, the relevant properties specified in the contracts are with no alternative use. Taking into consideration of the relevant contract terms, the legal environment, the Group concluded that the Group does not have an enforceable right to payment prior to transfer of the relevant properties to customers. Revenue from sales of residential properties is therefore recognized at a point in time when the completed property is transferred to customers, being at the point that the customer obtains the control of the completed property and the Group has present right to payment and collection of the consideration is probable.

The Group receives a deposit ranging from 10% to 20% of the contract price from customers when they sign the sale and purchase agreement. However, depending on market conditions, the Group may offer a discount to certain customers, provided that the customers agree to make a full payment during the construction period. Such advance payment will be recognized as contract liabilities.

The Group considers the advance payment schemes contain significant financing component and accordingly the amount of consideration is adjusted for the effects of the time value of money taking into consideration the credit characteristics of the Group. As this accrual increases the amount of the contract liabilities during the construction period, a corresponding increases in revenue will be recognized when control of the completed property is transferred to the customer.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortized to profit or loss within one year.

Construction and development services from primary land construction and development services (revenue recognized over time)

The Group provides primary land construction and development services in order to access potentially available land reserves for property development. Such services are recognized as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognized for these construction and development services based on the stage of completion of the contract using input method.

A contract asset, net of contract liability related to the same contract, is recognized over the period in which the services are performed representing the Group's right to consideration for the services performed because the rights are conditioned on the Group's future performance in achieving specified milestones. The contract assets are transferred to trade receivables when the rights become unconditional.

Property management and related services (revenue recognized over time)

Revenue arising from property management and related services is generally recognized over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

5. REVENUE (Continued)

(iii) Lease

For the year ended December 31, 2019

	RMB'000
For operating leases:	
Lease payments that are fixed or depend on an index or a rate	**608,518**

For the year ended December 31, 2018

	RMB'000
For operating leases:	
Operating lease income – property	510,191

There was no contingent rental in the operating lease income.

6. SEGMENT INFORMATION

The Group is organized into business units based on their types of activities. These business units are the basis of information that is prepared and reported to the Group's chief operating decision maker (i.e. the executive directors of the Company) for the purposes of resource allocation and assessment of performance. The Group's operating segments under IFRS 8 *Operating Segments* are identified as the following four business units:

Property development: This segment develops and sells commercial and residential properties.

Primary land construction and development services: This segment derives revenue from primary land development, including services for resettlement, construction of land infrastructure and ancillary public facilities on land owned by the local governments.

Property investment: This segment derives rental income from investment properties developed by the Group.

Property management and related services: This segment derives income from property management and related services.

6. SEGMENT INFORMATION (Continued)

Segment revenue and results

The following is the analysis of the Group's revenue and results by reportable and operating segment.

	Property development RMB'000	Primary land construction and development services RMB'000	Property investment RMB'000	Property management and related services RMB'000	Total RMB'000
Year ended December 31, 2019					
Revenue from external customers and segment revenue	**7,256,704**	**206,262**	**608,518**	**21,692**	**8,093,176**
Segment profit	**908,248**	**3,197**	**398,199**	**7,555**	**1,317,199**
Year ended December 31, 2018					
Revenue from external customers and segment revenue	5,924,612	156,451	510,191	21,231	6,612,485
Segment profit	1,583,508	2,426	354,603	8,587	1,949,124

The segment profits can be reconciled to the profit before taxation as follows:

	Year ended December 31, 2019 RMB'000	2018 RMB'000
Segment profit	**1,317,199**	1,949,124
Other gains and losses	**4,856**	67,364
Other income	**176,326**	159,267
Change in fair value of investment properties	**1,061,366**	907,791
Unallocated administrative expenses	**(68,441)**	(64,536)
Other expenses	**(20,115)**	(53,252)
Share of losses of joint ventures	**(19,786)**	(11,939)
Share of losses of associates	**(565)**	(10,905)
Finance costs	**(404,677)**	(245,446)
Consolidated profit before tax	**2,046,163**	2,697,468

The accounting policies applied in determining segment revenue and segment results of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit earned by each segment without allocation of other gains and losses, other income, change in fair value of investment properties, other expenses, share of losses of joint ventures, share of losses of associates, finance costs and unallocated administrative expenses, including auditor's remuneration and directors' emoluments. This is the measure reported to the Group's chief operating decision maker for the purpose of resources allocation and performance assessment.

6. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

Other segment information

Amounts included in the measurement of segment profit:

	Property development RMB'000	Primary land construction and development service RMB'000	Property investment RMB'000	Property management and related services RMB'000	Unallocated amount RMB'000	Total RMB'000
Year ended December 31, 2019						
Depreciation and amortization	**26,238**	**–**	**4,505**	**8,845**	**45,783**	**85,371**
Impairment losses under expected credit loss model	**25,199**	**–**	**2,014**	**–**	**–**	**27,213**
	51,437	**–**	**6,519**	**8,845**	**45,783**	**112,584**
Year ended December 31, 2018						
Depreciation and amortization	25,355	–	4,800	5,249	38,861	74,265
Release of prepaid lease payments	–	–	81	26	5,928	6,035

No segment assets and liabilities are presented as they were not regularly provided to the chief operating decision maker for the purpose of resources allocation and performance assessment.

Geographical information

All the revenue and operating results of the Group is derived from the PRC based on location of the operations. All the Group's non-current assets (excluding financial instruments and deferred tax assets) are located in the PRC based on geographical location of the assets or the associates' and joint venture's operation, as appropriate.

Revenue from major customers

No revenue from transactions with a single external customer amounted to 10% or more of the Group's revenue during the years ended December 31, 2019 and 2018.

7. OTHER GAINS AND LOSSES

	Year ended December 31,	
	2019	2018
	RMB'000	*RMB'000*
Net foreign exchange gain (loss)	**3,665**	(54,320)
(Loss) gain on disposal of property, plant and equipment	**(78)**	15
Gain on disposal of a subsidiary *(note 45)*	**925**	405
Gain from changes in fair value of financial assets at FVTPL	**344**	14
Gain from remeasurement of previously held equity interest *(note 44)*	**–**	121,250
	4,856	67,364

8. OTHER INCOME

	Year ended December 31,	
	2019	2018
	RMB'000	*RMB'000*
Interest income from related parties	**96,431**	123,947
Interest income from bank deposits	**9,719**	13,016
Interest income from a third party	**23,585**	–
Interest income from entrusted financial products	**–**	8,664
Total interest income	**129,735**	145,627
Compensation received	**3,875**	4,332
Others	**42,716**	9,308
	176,326	159,267

9. OTHER EXPENSES

	Year ended December 31,	
	2019	2018
	RMB'000	*RMB'000*
Donations	**9,336**	28,725
Compensation paid	**3,259**	21,546
Others	**7,520**	2,981
	20,115	53,252

10. FINANCE COSTS

	Year ended December 31,	
	2019	2018
	RMB'000	*RMB'000*
Interest on bank borrowings	**1,304,047**	1,101,531
Interest on trust borrowings	**559,748**	477,083
Interest on loan from financial institutions	**179,929**	62,036
Interest on significant financing component of contract liabilities	**669,122**	402,582
Interest on corporate bonds	**55,570**	260,119
Interest on senior notes	**630,511**	358,780
Interest on lease liabilities	**208**	–
Exchange loss on senior notes and borrowings	**49,732**	319,846
Total borrowing costs	**3,448,867**	2,981,977
Less: Amounts capitalized in the cost of qualifying assets	**(3,044,190)**	(2,736,531)
	404,677	245,446

Borrowing costs capitalized during the year arose from borrowings made specifically for the purpose of constructing the qualifying assets, which bore annual interest at rates from 4.75% to 10.80% (2018: 4.75% to 10.00%) per annum and general borrowings pool calculated by applying a capitalization rate of 10.87% (2018: 10.27%) per annum on expenditure on the qualifying assets.

11. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Year ended December 31,	
	2019	2018
	RMB'000	*RMB'000*
Impairment losses on:		
– Trade receivables	**(462)**	–
– Lease receivables	**(2,014)**	–
– Other receivables	**(4,937)**	–
– Amount due from related parties	**(19,800)**	–
	(27,213)	–

Details of impairment assessment are set out in note 51.

12. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	Year ended December 31,	
	2019	2018
	RMB'000	*RMB'000*
Directors' emoluments *(note 13)*	**13,962**	11,559
Other staff costs:		
– Salaries and other benefits	**376,895**	363,939
– Retirement benefit contributions	**24,546**	24,174
Total staff costs	**415,403**	399,672
Less: Amounts capitalized to properties under development and investment properties under construction (Note)	**(194,932)**	(144,390)
	220,471	255,282
Cost of properties sold recognized as expense	**5,684,196**	3,802,042
Auditor's remuneration	**5,389**	5,141
Depreciation of property, plant and equipment	**75,983**	72,280
Depreciation of right-of-use assets	**6,858**	–
Amortization of intangible assets (included in administrative expenses)	**2,530**	1,985
Amortization of contract costs	**8,200**	–
Release of prepaid lease payments (included in administrative expenses)	**–**	6,035
Operating lease rental expenses	**3,254**	2,040
Gross rental income from investment properties	**(608,518)**	(510,191)
Less: direct operating expenses incurred for investment properties that generated rental income during the year	**210,319**	155,588
	(398,199)	(354,603)

Note: The amount capitalized mainly represents costs of certain staff of the project management department and the design department, who were assigned to construction sites and engaged in specific construction projects directly.

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, is as follows:

	Fees *RMB'000*	Salaries and other benefits *RMB'000*	Performance related bonuses *RMB'000*	Retirement benefits *RMB'000*	Equity-settled share-based expense *RMB'000*	Total *RMB'000*
For the year ended December 31, 2019						
Executive Directors						
Mr. Zhang Zhangsun	**–**	**3,000**	**–**	**–**	**–**	**3,000**
Ms. Ruan Wenjuan	**–**	**2,948**	**–**	**50**	**–**	**2,998**
Ms. Zhang Jin	**–**	**2,651**	**219**	**35**	**–**	**2,905**
Ms. Ge Weiguang (resigned on May 28, 2019)	**–**	**864**	**–**	**23**	**–**	**887**
Mr. Lin Yaoquan (appointed on April 12, 2019)	**–**	**1,565**	**220**	**4**	**–**	**1,789**
Ms. Dong Xueer (appointed on June 14, 2019)	**–**	**640**	**–**	**23**	**–**	**663**
Mr. Li Bin (appointed on June 14, 2019)	**–**	**740**	**–**	**23**	**–**	**763**
Independent Non-Executive Directors						
Mr. Luo Zhenbang	**319**	**–**	**–**	**–**	**–**	**319**
Mr. Lai Siming	**319**	**–**	**–**	**–**	**–**	**319**
Ms. Chen Jingru	**319**	**–**	**–**	**–**	**–**	**319**
	957	**12,408**	**439**	**158**	**–**	**13,962**
For the year ended December 31, 2018						
Executive Directors						
Mr. Zhang Zhangsun	–	3,000	–	–	–	3,000
Ms. Ruan Wenjuan	–	3,035	100	55	–	3,190
Ms. Zhang Jin	–	1,880	355	35	–	2,270
Mr. Ge Weiguang	–	2,070	50	55	–	2,175
Independent Non-Executive Directors						
Mr. Luo Zhenbang	308	–	–	–	–	308
Mr. Lai Siming	308	–	–	–	–	308
Ms. Chen Jingru	308	–	–	–	–	308
	924	9,985	505	145	–	11,559

Notes:

(a) Mr. Zhang Zhangsun is the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

(b) Ms. Ruan Wenjuan, Ms. Zhang Jin, Mr. Lin Yaoquan, Ms. Dong Xueer and Mr. Li Bin are the executive directors and vice presidents of the Company.

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

Performances bonuses were determined by the management having regard to the performance of the directors and the Group's operating results.

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

No directors of the Company waived any emoluments in both years presented.

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

	Year ended December 31,	
	2019 **RMB'000**	2018 RMB'000
Salaries and other benefits	**1,442**	2,181
Performance related bonuses	**182**	475
Retirement benefits	**53**	5
	1,677	2,661

The number of the highest paid employees who are not directors of the Company whose remuneration fell within the following bands is as follows:

	2019 ***Number of employees***	2018 *Number of employees*
Hong Kong dollars ("**HK$**")		
HK$1,500,001 to HK$2,000,000	**1**	–
HK$2,500,001 to HK$3,000,000	**–**	–
HK$3,000,001 to HK$3,500,000	**–**	1

During the year, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

14. INCOME TAX EXPENSE

	Year ended December 31,	
	2019	2018
	RMB'000	*RMB'000*
Current tax		
– PRC enterprise income tax	**406,767**	438,057
– PRC dividend withholding income tax	**26,000**	35,000
– LAT	**322,589**	477,559
Under provision in respect of prior years	**80**	242
	755,436	950,858
Deferred tax *(note 25)*	**71,114**	177,379
Income tax expense	**826,550**	1,128,237

Pursuant to the PRC Enterprise Income Tax Law promulgated on March 16, 2007, the PRC enterprise income tax for both domestic and foreign-invested enterprises has been unified at the income tax rate of 25% effective from January 1, 2008 onwards.

The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable exemptions and deductions.

In accordance with the PRC tax circular (Guoshuihan [2008] 112) effective from January 1, 2008, the PRC withholding income tax at the rate of 10% is applicable to dividends to "non-resident" investors who do not have an establishment or business in the PRC. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to the undistributed profits earned by the PRC subsidiaries since January 1, 2008 amounting to RMB6,101,375,000 (2018: RMB5,552,764,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

14. INCOME TAX EXPENSE (Continued)

No provision for Hong Kong Profits Tax has been made as the income of the companies comprising the Group neither arises in, nor is derived from Hong Kong during both years.

The income tax expense for the year can be reconciled from the profit before tax per consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended December 31,	
	2019	2018
	RMB'000	*RMB'000*
Profit before tax	**2,046,163**	2,697,468
Tax at PRC enterprise income tax rate of 25%	**511,541**	674,367
LAT	**322,589**	477,559
Tax effect of LAT	**(80,647)**	(119,390)
Tax effect of expenses not deductible for tax purpose	**14,442**	51,395
Tax effect of income not taxable for tax purpose	**–**	(30,313)
Tax effect of share of results of associates	**141**	2,726
Tax effect of share of results of joint ventures	**4,947**	2,985
Tax effect of tax losses not recognized	**29,705**	35,324
Utilization of tax loss previously not recognized	**(2,248)**	(1,658)
PRC dividend withholding income tax	**26,000**	35,000
Under provision in prior years	**80**	242
Income tax expense for the year	**826,550**	1,128,237

15. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data.

	Year ended December 31,	
	2019	2018
	RMB'000	*RMB'000*
Earnings:		
Profit for the year attributable to the owners of the Company for the purposes of basic and diluted earnings per share	**859,764**	1,008,784

	Year ended December 31,	
	2019	2018
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**4,444,418**	4,444,285
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	**4,022**	19,761
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**4,448,440**	4,464,046

16. DIVIDENDS

	Year ended December 31,	
	2019	2018
	RMB'000	*RMB'000*
Dividends for ordinary shareholders of the Company recognized as distribution during the year:		
2018 Final – HK5.64 cents (2018: 2017 final dividend HK8.07 cents) per share	**220,000**	300,000

Subsequent to the end of the reporting period, a final dividend in respect of the year ended December 31, 2019 of HK3.76 cents (2018: final dividend in respect of the year ended December 31, 2018 of 5.64 HK cents) per share, in an aggregate amount of HK$167,110,000 (equivalent to RMB150,000,000) (2018: in an aggregate amount of HK$250,665,000 (equivalent to RMB220,000,000)) has been proposed by the board of directors and is subject to approval by the shareholders of the Company at the forthcoming annual general meeting.

17. INVESTMENT PROPERTIES

The Group leases out various offices, shopping mall and retail stores under operating leases with rentals payable monthly. The leases typically run for an initial period of 1 to 20 years, with unilateral rights to extend the lease beyond initial period held by lessees only. Majority of the lease contracts contain market review clauses in the event the lessee exercises the option to extend.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

	Investment properties *RMB'000*	Investment properties under construction *RMB'000*	Total *RMB'000*
Fair value			
At January 1, 2018	15,947,269	2,361,000	18,308,269
Additions	–	263,503	263,503
Net increase in fair value recognized in profit or loss	839,112	68,679	907,791
Transfer from properties held for sale	76,897	–	76,897
Transfer to property, plant and equipment	(240,206)	–	(240,206)
Transfer from properties under development for sale	–	228,818	228,818
At December 31, 2018	16,623,072	2,922,000	19,545,072
Additions	–	403,306	403,306
Net increase in fair value recognized in profit or loss	792,672	268,694	1,061,366
Transfer from properties held for sale	140,256	–	140,256
At December 31, 2019	17,556,000	3,594,000	21,150,000

The investment properties are all situated in the PRC. The fair value of the Group's investment properties, including the Group's property interests held under operating leases classified and accounted for as investment properties as at December 31, 2019 and 2018 have been arrived at on the basis of valuations carried out on those dates by Colliers International (Hong Kong) Ltd, a firm of independent qualified external valuer not connected with the Group, who have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

The valuations of investment properties are arrived at with adoption of direct comparison approach assuming sale of each of these properties in its existing state by making reference to comparable sales transactions as available in the relevant market and also consider income approach by undertaking an estimation of future cash flows and taking into account the time value of money. The income is projected over the investment cycle and the net income is calculated after the deduction of capital, operating, and other necessary expenses.

17. INVESTMENT PROPERTIES (Continued)

Fair values of the investment properties under development for sale are generally derived using the residual method. This valuation method is essentially a means of valuing the land and building by reference to its development potential by deducting development costs together with developer's profit and risk from the estimated capital value of the proposed development assuming completed in accordance with the existing development plans as at the date of valuation, which duly reflected the risks associated with the development.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The fair value of the Group's investment properties at December 31, 2019 and 2018 are grouped into Level 3 of fair value measurement. There were no transfers into or out of Level 3 during the both years.

The following table gives information about how the fair values of these investment properties are determined (in particular, inputs used). The Group considered multiple valuation techniques to the extent appropriate. A fair value measurement is usually the point within that range that is most representative of fair value in the circumstances.

Investment properties of the Group	Significant unobservable input(s)			
Investment Properties	Capitalization Rate % 2019	Discount Rate % 2019	Monthly Unit Rent on GFA *RMB/sq.m./day* 2019	Unit Sale Rate *RMB/sq.m.* 2019
– Beijing Area				
– Office	4.25–4.50	7.00–7.50	6.4–11.6	42,000–85,000
– Retail	2.50–5.25	6.00–9.00	7.5–18.5	28,900–110,300
– Car Parking Space	3.50–4.25	4.50–5.25	1,000/lot/month	318,300–324,000/lot
– Shantou Area				
– Retail	6.50	8.50	2.3	9,300
– Shenyang Area				
– Retail	5.00	8.00-8.50	1.9–3.2	6,600–10,100
– Haikou Area				
– Office	6.00	8.75	4.5	22,500

17. INVESTMENT PROPERTIES (Continued)

Investment Properties Under Construction	Capitalization Rate *%* 2019	Discount Rate *%* 2019	Monthly Unit Rent on GFA *RMB/sq.m./day* 2019	Unit Sale Rate *RMB/sq.m.* 2019	Outstanding Development Costs to Complete *RMB million* 2019
– Shenzhen Area					
– Office	5.00	8.50	4.67	–	48
– Foshan Area					
– Retail	5.50	9.00	6.35	21,900	668
– Car Parking Space	5.50	9.00	570/lot/month	10,400	
– Handan Area					
– Retail	6.50	9.00	2	5,800	319

Investment properties of the Group	Significant unobservable input(s)			
Investment Properties	Capitalization Rate *%* 2018	Discount Rate *%* 2018	Monthly Unit Rent on GFA *RMB/sq.m./day* 2018	Unit Sale Rate *RMB/sq.m.* 2018
– Beijing Area				
– Office	4.25–4.50	7.00–7.50	6.1–11.6	36,500–82,000
– Retail	2.50–5.25	6.00–9.00	4.6–22.2	28,700–108,800
– Car Parking Space	3.50–4.25	4.50–5.25	950/lot/month	310,800–385,000/lot
– Shantou Area				
– Retail	6.50	8.50	General: 2.4 Large Tenant: 1.6	9,100
– Shenyang Area				
– Retail	5.00	8.00–8.50	1.8–3.2	6,600–10,100
– Haikou Area				
– Office	6.00	8.75	4.4	21,400

17. INVESTMENT PROPERTIES (Continued)

Investment Properties Under Construction	Capitalization Rate % 2018	Discount Rate % 2018	Monthly Unit Rent on GFA *RMB/sq.m./day* 2018	Unit Sale Rate *RMB/sq.m.* 2018	Outstanding Development Costs to Completion *RMB'million* 2018
– Shenzhen Area					
– Office	5.00	8.50	4.67	–	50
– Foshan Area					
– Retail	5.50	9.00	8.13	17,700	1,770
– Car Parking Space	5.50	9.00	571/lot/month		
– Handan Area					
– Retail	6.50	9.00	1.67	6,100	476

A slight increase in the discount rate used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa. A slight increase in the capitalization rate used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa. A slight increase in the market monthly unit rent on GFA used would result in a significant increase in the fair value measurement of the investment properties, and vice versa. An increase in the unit sale rate used would result in an increase in the fair value measurement of the investment properties by the same percentage increase, and vice versa. Increases in the development costs would result in a decrease in the fair value measurement of the investment properties by the same percentage increase, and vice versa. A significant increase in the expected development profit margin would result in a significant decrease in fair value, and vice versa.

In estimating the fair value of the investment properties, the Group uses market observable data to the extent it is available. The management works closely with the external valuer to establish the appropriate valuation techniques and inputs to the model.

The Group had pledged investment properties of approximately RMB18,606,400,000 (2018: RMB17,675,155,000) at December 31, 2019 to secure bank and trust borrowings granted to the Group as set out in note 46.

18. PROPERTY, PLANT AND EQUIPMENT

	Buildings *RMB'000*	Construction in progress *RMB'000*	Leasehold improvement *RMB'000*	Motor vehicles *RMB'000*	Electronic equipment and furniture *RMB'000*	Total *RMB'000*
Cost						
At January 1, 2018	654,064	139,675	89,625	68,485	28,943	980,792
Additions	–	633,151	19,039	3,258	5,303	660,751
Acquired on acquisition of subsidiaries *(note 44)*	–	–	–	7,375	1,712	9,087
Transfer from investment properties	240,206	–	–	–	–	240,206
Disposals	–	–	–	(397)	(222)	(619)
Disposal of a subsidiary	–	–	–	–	(13)	(13)
At December 31, 2018	894,270	772,826	108,664	78,721	35,723	1,890,204
Additions	1,000	250,295	18,969	4,119	1,591	275,974
Disposals	–	–	–	(4,371)	(648)	(5,019)
At December 31, 2019	895,270	1,023,121	127,633	78,469	36,666	2,161,159
Depreciation						
At January 1, 2018	18,437	–	53,459	43,098	15,540	130,534
Provided for the year	44,093	–	12,429	9,671	6,087	72,280
Eliminated upon disposals	–	–	–	(47)	(216)	(263)
At December 31, 2018	62,530	–	65,888	52,722	21,411	202,551
Provided for the year	45,087	–	17,552	8,137	5,207	75,983
Eliminated upon disposals	–	–	–	(2,640)	(600)	(3,240)
At December 31, 2019	107,617	–	83,440	58,219	26,018	275,294
Carrying amounts						
At December 31, 2019	787,653	1,023,121	44,193	20,250	10,648	1,885,865
At December 31, 2018	831,740	772,826	42,776	25,999	14,312	1,687,653

As at December 31, 2019, buildings with carrying amount of approximately RMB784,730,000 (2018: RMB814,801,000) were pledged to banks to secure bank and trust borrowings granted to the Group as set out in note 46.

18. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment, other than construction in progress, are depreciated using the straight-line method after taking into account of their estimated residual values over the following estimated useful lives:

Buildings	Over the shorter of the term of the lease or 20 years
Leasehold improvement	Over the shorter of the term of the lease or 5 years
Motor vehicles	5 years
Electronic equipment and furniture	5 years

As at December 31, 2019, the Group was in the process of obtaining the certificates of land use rights of RMB544,918,000 (2018: RMB417,897,000) from the relevant authorities.

19. RIGHT-OF-USE ASSETS

	Leasehold lands *RMB'000*	Leased properties *RMB'000*	Total *RMB'000*
Carrying amount			
As at January 1, 2019	281,501	1,127	282,628
Additions to right-of-use assets	–	4,054	4,054
Depreciation charge	(6,035)	(823)	(6,858)
As at December 31, 2019	*275,466*	*4,358*	279,824
Expense relating to short-term leases and other leases with lease terms end within 12 months of the date of initial application of IFRS 16			3,254
Total cash outflow for leases			4,069

In addition to the portfolio of short-term leases for office which are regularly entered into by the Group during the year ended 31 December 2019, the Group entered into several short-term leases for office. As at 31 December 2019, the outstanding lease commitments relating to these office is RMB2,326,000.

As at December 31, 2018, the Group had pledged the land-use-rights of approximately RMB274,650,000 to secure bank and trust borrowings granted to the Group as set out in note 46.

20. OTHER NON-CURRENT ASSETS

Other non-current assets of the Group comprise software licenses and payments for an urban redevelopment project and a village-in-city redevelopment project.

The software licenses have finite useful lives and are amortized on a straight-line basis over 6 years. As at December 31, 2019, the carrying amount of software licenses is RMB14,418,000 (2018: RMB14,545,000), which are made up of cost of RMB25,887,000 (2018: RMB23,484,000) and accumulated amortization of RMB11,469,000 (2018: RMB8,939,000).

The remaining balance of other non-current assets relates to the payments and costs described as below:

(a) The Group acquired an urban redevelopment project during the year ended December 31, 2016 through the acquisition of a subsidiary, Shenzhen Dachaoshan, which entered into an agreement with an entity established by the local authority for an urban redevelopment project in Shenzhen. As at the acquisition date, Shenzhen Dachaoshan has made payments to acquire certain non-agricultural ratio and has the exclusive right to seek government approval for the commencement of the urban redevelopment project after achieving the minimal threshold of the non-agricultural ratio stipulated in the agreement. The urban redevelopment project includes several units and is intended to be developed in different phases. Shenzhen Dachaoshan has obtained approvals from the relevant government authorities in relation to the redevelopment of the first unit. The Directors are confident that Shenzhen Dachaoshan will be able to meet the non-agricultural ratio requirement for the rest of the units in the region and approvals from the relevant authorities will ultimately be obtained in the future. The recovery of the carrying amount will be through the returns to be generated from this urban redevelopment project of which the redevelopment right will be granted exclusively to Shenzhen Dachaoshan upon approval. As at December 31, 2019, the carrying amount of this non-current asset is RMB1,225,327,000 (2018: RMB1,067,712,000).

(b) The Group acquired a village-in-city redevelopment project in the year of 2018 through acquisition of a subsidiary, Shijiazhuang Guosha Real Estate Development Co., Ltd. 石家莊國廈房地產開發有限公司 ("**Shijiazhuang Guosha**"). Shijiazhuang Guosha entered into a collaborative agreement with local government in Shijiazhuang. The local government has the responsibility to provide collective land, while Shijiazhuang Guosha is responsible for financial contribution of construction. As at the acquisition date, Shijiazhuang Guosha has made payments to the project and acquired land use right for one piece of land which was accounted for as properties under development for sale. The remaining balance of advance payment for those land use right and the development right of land are accounted for as other non-current assets.

The Directors are confident that Shijiazhuang Guosha will be able to acquire the land use right for property development. The prepayments will be recovered through return from sale of commodity housings. As at December 31, 2019, the carrying amount of the non-current assets is RMB327,000,000 (2018: RMB327,000,000).

Details of the acquisitions are set out in note 44.

21. INTERESTS IN JOINT VENTURES

	At December 31, 2019 RMB'000	2018 RMB'000
Cost of investment in joint ventures	**61,000**	35,500
Share of post-acquisition losses	**(30,911)**	(11,125)
	30,089	24,375

Details of each of the Group's joint ventures at the end of the reporting period are as follows:

Name of entity	Place of establishment and operation	Proportion of ownership interest held by the Group 2019	2018	Proportion of voting rights held by the Group 2019	2018	Principal activity
Beijing Maorui Properties Co., Ltd. ("**Maorui Zhiye**") 北京茂瑞置業有限公司	PRC	**20%**	20%	**20%**	20%	Property development
Beijing Ruimao Zhiye Co., Ltd. ("**Ruimao Real Estate**") 北京瑞茂房地產開發有限公司	PRC	**51%**	25.5%	**51%**	25.5%	Property development

Note: The Group holds 20% (2018: 20%) of the registered capital of Maorui Zhiye and 51% (2018: 25.5%) of the registered capital of Ruimao Real Estate. The relevant activities of both investees require the unanimous consent of the parties sharing control. Accordingly, both entities are classified as joint ventures of the Group.

Aggregate information of joint ventures that are not individually material

	Year ended December 31, 2019 RMB'000	2018 RMB'000
The Group's share of loss and total comprehensive expense	**(19,786)**	(11,939)
Aggregate carrying amount of the Group's interests in these joint ventures	**30,089**	24,375

22. INTERESTS IN ASSOCIATES

	At December 31, 2019 RMB'000	2018 RMB'000
Cost of investment in associates	**12,000**	7,000
Share of post-acquisition losses	**(7,000)**	(6,435)
	5,000	565

Details of the Group's associates at the end of reporting period are as follow:

Name of entity	Place of establishment and operation	Proportion of ownership interest by the Group		Proportion of voting rights held by the Group		Principal activity
		2019	2018	**2019**	2018	
Wuxi Glory Real Estate Development Co., Ltd. ("**Wuxi Glory**") (note 45) 無錫國瑞房地產開發有限公司	PRC	**49%**	49%	**49%**	49%	Property development
Beijing Ruida Properties Co., Ltd. ("**Ruida Zhiye**") 北京銳達置業有限公司	PRC	**35%**	35%	**35%**	35%	Property development
Guangzhou Fangyuan Xingyao Investment Co., Ltd. ("**Fangyuan Xingyao**") 廣州市方圓星耀投資有限公司	PRC	**47.62%**	N/A	**47.62%**	N/A	Property development

22. INTERESTS IN ASSOCIATES (Continued)

Aggregate information of associates that are not individually material

	Year ended December 31,	
	2019	2018
	RMB'000	*RMB'000*
The Group's share of loss and total comprehensive expense	**(565)**	(10,905)
Aggregate carrying amount of the Group's interests in these associates	**5,000**	565

23. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Year ended December 31,	
	2019	2018
	RMB'000	*RMB'000*
Unlisted investments:		
– Equity securities *(Note)*	**32,400**	220,307

Note:

The above unlisted equity securities represent the Group's equity interest in private entities: (1) 0.15% (2018: 1.23%) equity interest in Bohai Life Ltd. 渤海人壽保險股份有限公司 ("**Bohai Life Limited**"), a private entity established in the PRC which is principally engaged in insurance business, with a carrying amount of RMB27,400,000, and (2) 10% (2018: 10%) equity interest in Yongqing Jiyin Rural Bank Co., Ltd. 永清吉銀村鎮銀行股份有限公司 ("**Yongqing Jiyin Rural Bank**"), a private entity established in the PRC which is principally engaged in banking operation, with a carrying amount of RMB5,000,000.

In the current year, the Group disposed 1.08% equity interest in Bohai Life Limited, at a consideration of RMB191,800,000, which was also the fair value as at the date of disposal as the investment no longer meets the investment objective of the Group after group restructuring carried out by the investee. A cumulative fair value gain of RMB38,426,000 has been transferred to retained earnings, of which RMB34,968,000 is attribute to the owners of the Company.

24. PREPAID LEASE PAYMENTS

	At December 31, 2018 *RMB'000*
Prepaid lease payments	281,501
Analyzed for reporting purposes as:	
Non-current	275,466
Current	6,035
	281,501

Prepaid lease payments are made for land use right in the PRC.

As at December 31, 2018, the Group had pledged the land use rights of approximately RMB278,637,000 to secure bank and trust borrowings granted to the Group as set out in note 46.

25. DEFERRED TAXATION

The following are the major deferred tax assets (liabilities) recognized and movements thereon during the current and prior years:

	Tax losses *RMB'000*	Temporary differences on sale deposits received *RMB'000*	LAT *RMB'000*	Fair value gain on properties *RMB'000*	Fair value change on equity instruments at FVTOCI *RMB'000*	Revaluation arising from business combination *RMB'000*	Others *RMB'000* *(Note)*	Total *RMB'000*
At January 1, 2018	90,161	82,759	361,678	(2,559,228)	(16,177)	–	3,440	(2,037,367)
Credited (charged) to profit or loss	55,037	68,481	25,044	(311,767)	–	–	(14,174)	(177,379)
Credit to other comprehensive income	–	–	–	–	2,398	–	–	2,398
Acquisition of subsidiaries	–	–	–	–	–	(1,117,491)	–	(1,117,491)
At December 31, 2018	145,198	151,240	386,722	(2,870,995)	(13,779)	(1,117,491)	(10,734)	(3,329,839)
Credited (charged) to profit or loss	1,982	234,151	(63,279)	(277,323)	–	43,357	(10,002)	(71,114)
Credit to other comprehensive income	–	–	–	–	(973)	–	–	(973)
Released upon disposal of equity instruments at FVTOCI	–	–	–	–	12,809	–	–	12,809
At December 31, 2019	147,180	385,391	323,443	(3,148,318)	(1,943)	(1,074,134)	(20,736)	(3,389,117)

Note: The "others" mainly relates to temporary differences on sales commission, exceeding advertising fee and exceeding donation.

25. DEFERRED TAXATION (Continued)

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for the financial reporting purpose:

	At December 31,	
	2019	2018
	RMB'000	*RMB'000*
Deferred tax assets	**536,185**	510,513
Deferred tax liabilities	**(3,925,302)**	(3,840,352)
	(3,389,117)	(3,329,839)

No deferred taxation asset has been recognized in respect of the following unutilized tax losses due to the unpredictability of future profit streams, estimated at the end of the reporting period. The unrecognized tax losses will expire in the following years:

	At December 31,	
	2019	2018
	RMB'000	*RMB'000*
To be expired on:		
December 31, 2019	**–**	55,572
December 31, 2020	**33,840**	37,813
December 31, 2021	**41,436**	41,436
December 31, 2022	**68,772**	73,789
December 31, 2023	**141,295**	141,295
December 31, 2024	**118,820**	–
Total unused tax losses not recognized as deferred tax assets	**404,163**	349,905

26. DEPOSITS PAID FOR ACQUISITION OF LAND

The amounts represent deposits paid for public tenders, auctions or listing-for-bidding of land use rights in the PRC for the purpose of development for sale.

27. PROPERTIES UNDER DEVELOPMENT FOR SALE AND PROPERTIES HELD FOR SALE

	At December 31,	
	2019	2018
	RMB'000	*RMB'000*
Properties under development for sale	**37,333,243**	36,371,398
Properties held for sale	**5,361,690**	4,372,328
	42,694,933	40,743,726

The properties under development for sale are located in the PRC.

As at December 31, 2019, certain of the Group's properties under development for sale with a carrying amount of approximately RMB16,470,513,000 (2018: RMB15,378,746,000) was pledged to secure bank and trust borrowings granted to the Group as set out in note 46.

Effective from January 1, 2019, the carrying amount of leasehold lands is measured under IFRS 16 at cost less any accumulated depreciation and any impairment losses. The residual values are determined as the estimated disposal value of the leasehold land component. No depreciation charge is made on the leasehold lands taking into account the estimated residual values as at December 31, 2019.

In the opinion of the Directors, properties under development for sale with carrying amount of approximately RMB26,185,289,000 (2018: RMB24,871,448,000) as at December 31, 2019 are expected to be completed and realized after twelve months from the end of the reporting period.

As at December 31, 2019, the Group was in the process of obtaining the certificates of land use rights of RMB466,120,000 (2018: RMB278,164,000) from the relevant authorities.

The Group's properties held for sale are stated at the lower of cost and net realizable value and situated in the PRC. In the opinion of the Directors, properties held for sale of approximately RMB257,893,000 (2018: RMB849,684,000) as at December 31, 2019 are expected to be sold after twelve months from the end of the reporting period.

As at December 31, 2019, properties held for sale of approximately RMB748,090,000 (2018: RMB473,279,000) were pledged to secure bank and trust borrowings granted to the Group as set out in note 46.

28. JOINT OPERATION

On September 1, 2009, Glory Xingye (Beijing) Real Estate Co., Ltd 北京國瑞興業地產股份有限公司 ("**Original Beijing Glory**") entered into an agreement with an independent third party (the "**Project Partner**") in respect of a joint development project of Qinian Street Rebuild Primary Land Development Project in the PRC (the "**Qinian Street Project**").

Pursuant to the agreement, Original Beijing Glory and the Project Partner set up an operation committee to exercise joint control and manage the project together. The two parties contribute the funding, share revenue and bear costs equally.

The amount included in the consolidated financial statements arising from the joint operation is as follows:

	Year ended December 31,	
	2019	2018
	RMB'000	*RMB'000*
Analysis of profit or loss		
Revenue	**206,262**	156,451
Cost of sales and services	**(203,065)**	(154,025)
Profit before tax	**3,197**	2,426

The details of the assets arising from the joint operation are set out in note 30.

29. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Pursuant to the lease agreements, lease payment is required to be settled in advance with no credit period being granted to the tenants. In respect of sales of properties, a credit period of six to twelve months may be granted to specific customers on a case-by-case basis.

	At December 31,	
	2019	2018
	RMB'000	*RMB'000*
Trade receivables		
– Contracts with customers	**532,502**	388,682
– Lease receivables	**128,176**	78,052
	660,678	466,734
Less: Allowance for credit losses	**(5,503)**	(3,027)
Trade receivables	**655,175**	463,707
Advances to contractors and suppliers	**868,418**	586,337
Other receivables from independent third parties	**17,261**	17,261
Other receivables and prepayments, net of allowance (Note)	**1,028,696**	336,227
Deposits	**247,108**	886,913
	2,161,483	1,826,738
Less: Allowance for credit losses	**(4,937)**	–
Other receivables	**2,156,546**	1,826,738
Total trade and other receivables	**2,811,721**	2,290,445

Note: Other receivables from independent third parties are of non-trade nature, unsecured, interest-free and repayable on demand other than the balance of RMB151,000,000.

29. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

As at January 1, 2018, trade receivables from contracts with customers amounted to RMB407,315,000.

The following is an aging analysis of trade receivables net of allowance for credit losses presented based on the date of recognition of revenue at the end of the reporting period:

	At December 31,	
	2019	2018
	RMB'000	*RMB'000*
0 to 60 days	**164,361**	244,145
61 to 180 days	**23,197**	65,626
181 to 365 days	**222,847**	83,568
1 to 2 years	**208,914**	61,359
Over 2 years	**41,359**	12,036
	660,678	466,734

As at December 31, 2019, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB188,907,000 which are past due as at the reporting date. Out of the past due balances, RMB66,228,000 has been past due over 90 days and is not considered as default based on the consideration the fact that legal title of the properties sold have not been transferred to the customer.

Details of impairment assessment of trade and other receivables are set out in note 51.

30. CONTRACT ASSETS

	At December 31,	
	2019	2018
	RMB'000	*RMB'000*
Construction and development services	**1,389,582**	1,176,365
Property sales	**52,552**	47,205
	1,442,134	1,223,570

As at January 1, 2018, contract assets amounted to RMB1,254,674,000.

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on the Group's future performance. The contract assets are transferred to trade receivables when the rights become unconditional.

All Contract assets are expected to be settled within the Group's normal operating cycle, and are classified as current.

Details of payment terms of construction and development services and property sales contracts are set out in note 5.

The increase (2018: increase) in the current year is the result of the increase in ongoing development of primary land development construction and development services during the year as detailed in note 28 (2018: increase in ongoing development of primary land development construction and development services).

Details of the impairment assessment are set out in note 51.

31. CONTRACT COSTS

	At December 31,	
	2019 **RMB'000**	2018 RMB'000
Incremental costs to obtain contracts	**76,919**	36,321

Note: Contract costs capitalized as at December 31, 2019 and 2018 relate to the incremental sales commissions paid to property agents whose selling activities resulted in customers entering into sale and purchase agreements for the Group's properties which are still under construction at the reporting date. Contract costs are recognized as part of cost of sales in the consolidated statement of profit or loss in the period in which revenue from the related property sales is recognized. The amount of capitalized costs recognized in profit or loss during the year was RMB8,200,000 (2018: Nil). There was no impairment in relation to the opening balance of capitalized costs or the costs capitalized during the year (2018: Nil).

The Group applies the practical expedient and recognizes the incremental costs of obtaining contracts relating to the sale of completed properties and services as an expense when incurred if the amortization period of the assets that the Group otherwise would have recognized is one year or less.

32. RESTRICTED BANK DEPOSITS

	At December 31,	
	2019 **RMB'000**	2018 RMB'000
Deposits pledged for banking facilities *(Note (a))*	**250,006**	11
Restricted bank deposits *(Note (b))*	**1,253,953**	726,342
Deposits pledged for mortgage loans granted to customers *(Note (c))*	**175,271**	215,778
	1,679,230	942,131
Analysed for reporting purposes as:		
Non-current *(Note (d))*	**719,615**	462,980
Current	**959,615**	479,151
	1,679,230	942,131

Notes:

(a) The amounts represent bank deposits denominated in RMB pledged to banks as security for certain banking facilities granted to the Group and disclosed in note 46.

(b) The amounts represent bank deposits for construction of pre-sale properties. In accordance with relevant government requirements, certain property development subsidiaries of the Group are required to place in designated bank accounts certain amount of pre-sale proceeds as guarantee deposits for the construction of the relevant properties. The deposits can only be used for payments for construction costs of the relevant properties when approval from related government authority is obtained.

32. RESTRICTED BANK DEPOSITS (Continued)

Notes: (Continued)

(c) The amounts represent bank deposits pledged to banks as security for certain mortgage loans granted by the banks to the Group's customers. The pledged bank deposits will be released upon receiving the building ownership certificate of the respective properties by the banks from the customers as security of the mortgage loans granted.

(d) Deposits pledged as security for mortgage loans of the Group's customers and restricted bank deposits that are not expected to be released within twelve months after the end of the reporting period are classified as non-current assets.

Details of impairment assessment of restricted bank deposits are set out in note 51.

The bank deposits carry prevailing market interest rates as follows:

	2019	2018
Range of interest rate per annum	**0.3%-2.75%**	0.3%-3.25%

33. BANK BALANCES AND CASH

	At December 31,	
	2019	2018
	RMB'000	*RMB'000*
Bank balances and cash	**536,926**	1,030,143

Cash and cash equivalents comprise bank balances and cash held by the Group.

The bank balances carry interest rates as follows:

	2019	2018
Range of interest rate per annum	**0.3%-2.5%**	0.3%-3.8%

Bank balances and cash as at December 31, 2019 were denominated in RMB, United States Dollar ("**USD**") and Hong Kong Dollar ("**HK$**"), and RMB is not a freely convertible currency in the international market. The exchange rate of RMB is determined by the government of the PRC and the remittance of these funds out of the PRC is subject to exchange restrictions imposed by the government of the PRC.

For the year ended December 31, 2019, the Group performed impairment assessment on bank balances and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided.

34. TRADE AND OTHER PAYABLES

	At December 31,	
	2019	2018
	RMB'000	*RMB'000*
Trade payables	**4,747,785**	4,294,422
Deposits received	**316,334**	450,352
Rental received in advance	**78,184**	58,650
Payable for acquisition of partial interest in a subsidiary	**–**	12,000
Accrued payroll	**35,067**	54,460
Business and other tax payable	**351,073**	333,240
Other payables and accruals	**864,494**	1,510,203
Accrued penalty	**28,968**	–
Dividends	**139,500**	150,000
	6,561,405	6,863,327
Analyzed for reporting purposes as:		
Non-current *(Note)*	**122,063**	106,312
Current	**6,439,342**	6,757,015
	6,561,405	6,863,327

Note: Pursuant to the relevant agreements, rental deposits received of approximately RMB122,063,000 (2018: RMB106,312,000) as at December 31, 2019 are to be settled after twelve months from the end of the reporting period and is therefore classified as non-current liabilities.

Trade payables comprise construction costs payable and other project-related expenses payable. The average credit period of trade payable is 180 days.

The following is an aging analysis of trade payables based on invoice date at the end of the reporting period:

	At December 31,	
	2019	2018
	RMB'000	*RMB'000*
0 to 60 days	**2,245,265**	2,071,849
61-365 days	**1,090,171**	728,126
1-2 years	**560,797**	520,522
Over 2 years	**851,552**	973,925
	4,747,785	4,294,422

35. CONTRACT LIABILITIES

	At December 31,	
	2019	2018
	RMB'000	*RMB'000*
Property sales	**17,332,702^**	11,208,252^

^ Included in the contract liabilities was an amount of RMB996,853,000 (2018: RMB1,513,113,000) of which the Group has entered into directional agreement with the customers as at December 31, 2019.

All contract liabilities are expected to be settled within the Group's normal operating cycle, and are classified as current.

As at January 1, 2018, contract liabilities amounted to RMB3,380,371,000.

The following table shows how much of the revenue recognized in the current year relates to carried-forward contract liabilities.

	Sales of properties	
	At December 31,	
	2019	2018
	RMB'000	*RMB'000*
Revenue recognized that was included in the contract liabilities balance at the beginning of the year	**3,024,351**	780,011

The deposits and advance payment received were recognized as contract liabilities throughout the property construction period until the customer obtains control of the completed property.

The Group receives 10% to 20% of the contract value as deposits from customers when they sign the sale and purchase agreement. However, depending on market conditions, the Group may offer customers a discount compared to the listed sales price, provided that the customers agree to pay the balance of the consideration early while construction is still ongoing. The deposits and advance payment schemes result in contract liabilities being recognized throughout the property construction period until the customer obtains control of the completed property.

36. TAX PAYABLE

	At December 31,	
	2019 *RMB'000*	2018 *RMB'000*
LAT payable	**1,543,169**	1,666,300
Income tax payable	**1,404,975**	1,207,775
	2,948,144	2,874,075

37. LEASE LIABILITIES

	At December 31, 2019 *RMB'000*
Lease liabilities payable:	
Within one year	**1,600**
Within a period of more than one year but not more than two years	**1,734**
Within a period of more than two years but not more than five years	**1,240**
	4,574
Less: Amount due for settlement with 12 months shown under current liabilities	**(1,600)**
Amount due for settlement after 12 months shown under non-current liabilities	**2,974**

38. BANK AND TRUST BORROWINGS

	At December 31,	
	2019	2018
	RMB'000	*RMB'000*
Bank borrowings, secured	**15,738,489**	13,968,042
Trust borrowings, secured	**4,400,160**	*8,292,132*
Loans from financial institutions, secured	**1,927,955**	1,038,810
	22,066,604	23,298,984
The borrowings are due to be repayable *(Note)*:		
On demand and within one year	**6,317,710**	9,037,963
More than one year, but not exceeding two years	**3,862,640**	4,645,161
More than two years, but not exceeding five years	**4,999,286**	3,167,987
More than five years	**6,886,968**	6,447,873
	22,066,604	23,298,984
Less: Amount due within one year shown under current liabilities	**(6,317,710)**	(9,037,963)
Amount shown under non-current liabilities	**15,748,894**	14,261,021

Note: The amounts due are based on scheduled repayment dates set out in the loan agreements.

The Group's bank and trust borrowings are all denominated in RMB. Details of assets that have been pledged to secure bank and trust borrowings are set out in note 46.

Borrowings of approximately RMB9,594,057,000 (2018: RMB8,770,342,000), bearing interest at variable rate ranging from 4.75% to 10.00% (2018: 4.75% to 8.50%) per annum as at December 31, 2019 exposed the Group to cash flow interest rate risk. The remaining borrowings, bearing interest at fixed rate, ranging from 4.75% to 13.00% (2018: 4.75% to 12.00%) per annum as at December 31, 2019, exposed the Group to fair value interest rate risk.

In July 2018, Suzhou Glory Real Estate Co., Ltd. 蘇州國瑞地產有限公司 ("**Suzhou Glory**") entered into a trust loan agreement with China Minsheng Trust Co., Ltd 中国民生信托有限公司 ("**Mingsheng Trust**"), in which the total credit facility granted is RMB1,500,000,000 bearing interest at 10.5% per annum. The loan is secured by land use rights in properties under development of Suzhou Glory and secured by 15% equity interest of Suzhou Glory. Besides the security, the loan is also guaranteed by Garden Group, Longhu Huamu and Mr. Zhang Zhangsun. These loans were fully settled in 2019.

In June 2018, New Beijing Glory and Suzhou Glory, subsidiaries of the Company, entered into a triparty agreement with Mingsheng Trust. Pursuant to the agreement, the loan of RMB42,500,000 was provided by Mingsheng Trust as capital injection to Suzhou Glory, a subsidiary of New Beijing Glory. Upon receipt of the cash contribution, New Beijing Glory and Mingsheng Trust held 15.00% and 85.00% interests in Suzhou Glory, respectively.

38. BANK AND TRUST BORROWINGS (Continued)

In the opinion of the Directors, the loan is to finance the construction of the properties under development of Suzhou Glory; and the relevant investment agreement required: (i) New Beijing Glory is obliged to repurchased remaining 85.00% shares of Suzhou Glory transferred to Mingsheng Trust with a cash consideration of RMB42,500,000 on 13 July 2019; (ii) Mingsheng Trust does not have any influence over Suzhou Glory or undertake any risk of investment, but only entitled to a fixed interest rate at 10.50% per annum which should be paid quarterly during the 12 months of investment period. In the opinion of the Directors, the arrangement is in substance a financing arrangement from Mingsheng Trust. The Group classified the above loan as a financial liability, and continues to consolidate all results as if Suzhou Glory is a wholly-owned subsidiary of the Group. These loans were fully settled in November 2019 and Mingsheng Trust has transferred the 85.00% shares of Suzhou Glory to New Beijing Glory.

Set out below were the details of the secured entrusted bank borrowings and trust borrowings:

Borrowers	Lenders	Original withdrawn amount At December 31, 2019 *RMB'000*	Original withdrawn amount At December 31, 2018 *RMB'000*	Loan period	Interest rate *% per annum*	Carrying amount At December 31, 2019 *RMB'000*	Carrying amount At December 31, 2018 *RMB'000*	Trustee
– Entrusted bank borrowings								
Glory Xingye (Beijing) Investment Co., Ltd 國瑞興業(北京)投資有限公司 ("**Glory Investment**")	Bosera Capital Management Co., Ltd	–	1,880,000	January 2017 to January 2019	6.50	–	180,000	China Bohai Bank Beijing Branch
Foshan Guohua Properties Co., Ltd. 佛山市國華置業有限公司 ("**Foshan Guohua**")	Essence Securities Co., Ltd	1,650,000	1,650,000	May 2017 to May 2020	7.15	989,833	1,650,000	Bank of Tianjin Beijing Branch
Subtotal		1,650,000	3,530,000			989,833	1,830,000	
– Trust borrowings								
Suzhou Glory	Minsheng Trust	–	1,357,500	July 2018 to November 2019	10.50	–	1,346,889	–
Suzhou Glory	Minsheng Trust	–	42,500	July 2018 to July 2019	10.50	–	42,243	–
Beijing Deheng Real Estate Development Co., Ltd 北京國瑞德恒房地產開發有限公司 ("**Beijing Deheng**") *	Chongqing International Trust Inc.	2,280,000	2,280,000	July 2017 to July 2020	8.27	907,885	2,280,000	–
Langfang Guoxing Real Estate Development Co., Ltd 廊坊國興房地產 開發有限公司 ("**Langfang Guoxing**")	China Credit Trust Co., Ltd.	–	1,080,000	August 2017 to August 2019	8.25 – 8.75	–	780,000	–
Original Beijing Glory	Western Trust Co.,Ltd	4,110,000	4,110,000	October 2018 to November 2036	8.48	3,492,275	3,843,000	–
Subtotal		6,390,000	8,870,000			4,400,160	8,292,132	

38. BANK AND TRUST BORROWINGS (Continued)

Borrowers	Lenders	Original withdrawn amount At December 31, 2019 RMB'000	Original withdrawn amount At December 31, 2018 RMB'000	Loan period	Interest rate % per annum	Carrying amount At December 31, 2019 RMB'000	Carrying amount At December 31, 2018 RMB'000	Trustee
– Financial institutions borrowings								
Original Beijing Glory	China Huarong Asset Management Co.,Ltd	1,038,810	1,038,810	January 2018 to December 2020	12.00	422,431	1,038,810	–
New Beijing Glory	China Huarong Asset Management Co.,Ltd	564,000	–	March 2019 to May 2022	13.00	566,240	–	–
Foshan Guohua	China Huarong Asset Management Co.,Ltd	391,000	–	November 2019 to November 2022	12.00	392,434	–	–
Guangdong Guosha Real Estate Co., Ltd. 廣東國廈地產有限公司 ("**Guangdong Guosha**")	China Huarong Asset Management Co.,Ltd	465,000	–	August 2019 to August 2022	12.00	466,694	–	–
Shenzhen Glory Xingye Culture Development Co., Ltd.	Shenzhen Hi-Tech Investment Small Loan Co., Ltd.	30,000	–	April 2019 to April 2020	8.50	20,065	–	–
Shenzhen Tadpole Technology Application Co., Ltd.	Shenzhen Hi-Tech Investment Small Loan Co., Ltd.	35,000	–	April 2019 to April 2020	8.50	25,000	–	–
Shenzhen Glory Construction Engineering Co., Ltd.	Shenzhen Hi-Tech Investment Small Loan Co., Ltd.	35,000	–	April 2019 to April 2020	8.50	35,091	–	–
Subtotal		2,558,810	1,038,810			1,927,955	1,038,810	
Total		10,598,810	13,438,810			7,317,948	11,160,942	

* In August 2019, New Beijing Glory, Beijing Deheng, subsidiaries of the Company, entered into a triparty agreement with Chongqing International Trust Inc. to extend the maturity date of the loan of RMB2,280,000,000 from July 2019 to July 2020. Pursuant to the agreement, New Beijing Glory and Beijing Deheng agreed to amended the interest rate of loan from 8.00% to 8.27%.

39. CORPORATE BONDS

(a) Corporate bonds issued in 2015 (the “2015 Corporate Bonds”)

On November 11, 2015, Garden Group, a wholly-owned subsidiary of the Company, has issued its first tranche of domestic corporate bonds to the public in the PRC (“**First Tranche Issue**”) with a principal amount of RMB2,000,000,000, bearing interest at the coupon rate of 7.25% per annum, payable annually, and has a term of 5 years. On December 22, 2015, Garden Group has issued the second tranche of domestic corporate bonds to the public in the PRC (“**Second Tranche Issue**”) with a principal amount of RMB1,000,000,000, bearing interest at the coupon rate of 7.47% per annum, payable annually, and has a term of 5 years.

According to the terms and conditions of the 2015 Corporate Bonds, Garden Group has the right to adjust and not adjust the coupon rate for the fourth and fifth year at the end of the third year, by giving a 30-day notice to the bondholder before November 10 and December 21, 2018 respectively. At the same time, the bondholder may at its option require Garden Group to redeem the bond at a redemption price equal to 100% of the principal plus accrued interest to such redemption date. The remaining bond will be subject to the adjusted interest rate until the maturity date. The effective interest rate of the First Tranche Issue and Second Tranche Issue of 2015 Corporate Bonds is approximately 7.61% and 7.64% per annum after the adjustment for transaction costs.

In 2018, principal amount of First Tranche Issue and Second Tranche Issue amounting to RMB1,945,650,000 and RMB999,680,000 respectively were redeemed by the bondholders. The maturity date of the remaining 2015 Corporate Bonds is November 10 and December 21, 2020 respectively.

On June 28, 2019, the remaining Second Tranche Issue amounting to RMB320,000 was redeemed by Garden Group.

The carrying amount and related interest of 2015 Corporate Bonds are amounting to approximately RMB54,350,000 (December 31, 2018: RMB54,670,000) and RMB551,000 (December 31, 2018: RMB551,000) as at December 31, 2019.

(b) Corporate bonds issued in 2016 (the “2016 Corporate Bonds”)

On September 22, 2016, Garden Group issued its first tranche of domestic corporate bonds through non-public offering in the PRC (“**First Tranche Non-public Issue**”) with a principal amount of RMB1,000,000,000, bearing interest at the coupon rate of 5.3% per annum, payable annually, and has a term of 5 years. The 2016 Corporate Bonds are secured by certain investment properties of the Group.

According to the terms and conditions of the 2016 Corporate Bonds, Garden Group has the right to adjust and not adjust the coupon rate for the fourth and fifth year at the end of the third year, by giving a 30-day notice to the bondholder before September 21, 2019. At the same time, the bondholder may at its option require Garden Group to redeem the bond at a redemption price equal to 100% of the principal plus accrued interest to such redemption date. The remaining bond will be subject to the adjusted interest rate until the maturity date. The effective interest rate of the 2016 Corporate Bonds is approximately 5.47% per annum after the adjustment for transaction costs.

39. CORPORATE BONDS (Continued)

(b) Corporate bonds issued in 2016 (the "2016 Corporate Bonds") (Continued)

In 2019, Garden Group has adjusted the coupon rate from 5.30% to 8.50% for the fourth and fifth year at the end of the third year. 2016 Corporate Bonds with principal amounting to RMB500,000,000 was redeemed by the Garden Group and sold to Shantou Glory Management Co., Ltd.汕頭企業管理有限公司 ("**Shantou Glory**"), which were both the wholly owned subsidiaries of the company. The maturity date of the remaining 2016 Corporate Bond is September 22, 2021.

The carrying amounts and related interest of 2016 Corporate Bonds are amounting to approximately RMB500,000,000 (December 31, 2018: RMB998,765,000) and RMB10,886,000 (December 31, 2018: RMB13,504,000) as at December 31, 2019.

For the purpose of presentation in the consolidated statement of financial position, the 2016 Corporate Bonds held by Shantou Glory have been offset. The following is the analysis of the 2016 Corporate Bonds in issues as at the end of the reporting period:

	As at December 31, 2019 *RMB'000*
Carrying amounts	1,000,000
Accrued interest	10,886
	1,010,886
Less: Amount held by Shantou Glory	(500,000)
	510,886
Less: Amount due within one year shown under current liabilities	(10,886)
Amount due after one year	500,000

40. SENIOR NOTES

	As at December 31, 2019 *RMB'000*	As at December 31, 2018 *RMB'000*
2017 Senior Notes *(Note (a))*	**214,657**	2,056,004
2018 First Tranche Senior Notes *(Note (b))*	**–**	1,712,360
2018 Second Tranche Senior Notes *(Note (c))*	**699,244**	677,419
2019 Senior Notes *(Note (d))*	**3,207,466**	–
2019 Private Placement Notes *(Note (e))*	**689,927**	–
	4,811,294	4,445,783
Less: Amount due within one year shown under current liabilities	**(1,734,974)**	(3,768,364)
Amount due after one year	**3,076,320**	677,419

Notes:

(a) 2017 Senior Notes

On March 21, 2017, the Company issued senior notes with an aggregate nominal value of United States dollars ("**US$**") 300,000,000 ("**2017 Senior Notes**") at face value. The 2017 Senior Notes, bearing interest at 7.00% per annum, payable semi-annually from September 21, 2017 will mature on March 21, 2020. The effective interest rate is approximately 7.82% per annum after the adjustment for transaction costs. The 2017 Senior Notes are listed on the Stock Exchange.

According to the terms and conditions of the 2017 Senior Notes, the Company may at its option ("**early redemption options**") to redeem the 2017 Senior Notes in the following circumstances:

(1) On 21 March, 2019, the Company may redeem the 2017 Senior Notes, in whole and not in part, at the redemption price equal to 100% of the principal amount of the 2017 Senior Notes redeemed plus accrued interest, if any, on the 2017 Senior Notes redeemed, to (but not including) the date of redemption.

(2) At any time prior to March 21, 2019, the Company may redeem the 2017 Senior Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the redeemed 2017 Senior Notes plus the applicable premium as of, and accrued interest, if any, to (but not including) the redemption date. Applicable premium means with respect to 2017 Senior Notes at any redemption date, the greater of (i) 1.00% of the principal amount of such notes and (ii) the excess of (A) the present value at such redemption date of the principal amount of such notes on March 21, 2019, plus all required remaining scheduled interest payments due on such notes through March 21, 2019 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the adjusted treasury rate plus 100 basis points, over (B) the principal amount of such notes on such redemption date.

(3) At any time and from time to time prior to March 21, 2020, the Company may redeem up to 35% of the aggregate principal amount of the 2017 Senior Notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 107.00% of the principal amount of the 2017 Senior Notes redeemed, plus accrued interest, if any, to (but not including) the redemption date, provided that at least 65% of the aggregate principal amount of the 2017 Senior Notes originally issued on the original issue date remains outstanding after such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

The holders of 2017 Senior Notes have the right, at their option, to require the Company to repurchase all of their 2017 Senior Notes in cash, or any portion of the principal thereof that is equal to US$200,000 or an integral multiple of US$1,000 in excess thereof, on March 21, 2019 at the repurchase price equal to 100% of the principal amount of 2017 Senior Notes to be repurchased, plus accrued interest to, but excluding, March 21, 2019.

40. SENIOR NOTES (Continued)

Notes: (Continued)

(a) 2017 Senior Notes (Continued)

On March 21, 2019, the Company completed redemption of US$269,810,000 of the 2017 Senior Notes whose holders exercised their redemption options at a redemption price equal to 100% of principal plus accrued interest to such redemption date and US$30,190,000 of the aggregate principal amount of the 2017 Senior Notes remain outstanding. After the completion of redemption, the 2017 Senior Notes whose holders exercised their redemption options have been expired.

The fair value of 2017 Senior Notes as at December 31, 2019 is approximately RMB201,770,000 based on quoted market price and classified as level 1 of fair value hierarchy.

(b) 2018 First Tranche Senior Notes

On March 2, 2018, the Company issued senior notes with an aggregate nominal value of US$250,000,000 ("**2018 First Tranche Senior Notes**") at face value. 2018 First Tranche Senior Notes bearing interest at 10.20% per annum, payable semi-annually on September 2, 2018 and March 1, 2019, matured on March 1, 2019. The effective interest rate is approximately 11.94% per annum after the adjustment for transaction costs. 2018 First Tranche Senior Notes are listed on the Stock Exchange.

2018 First Tranche Senior Notes may be redeemed in the following circumstances:

(1) At any time prior to March 1, 2019, the Company may at its option to redeem the 2018 First Tranche Senior Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of 2018 First Tranche Senior Notes plus the applicable premium as of, and accrued and interest, if any, to (but not including) the redemption date. The Company will give not less than 30 days notice of any redemption.

(2) At any time and from time to time prior to March 1, 2019, the Company may redeem up to 35% of the aggregate principal amount of 2018 First Tranche Senior Notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 110.2% of the principal amount of 2018 First Tranche Senior Notes redeemed, plus accrued interest, if any, to (but not including) the redemption date, provided that at least 65% of the aggregate principal amount of 2018 First Tranche Senior Notes originally issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

On March 1, 2019, the Company completed the full redemption of the 2018 First Tranche Senior Notes with cash. The aggregate redemption price is equivalent to the principal amount plus accrued interest to the maturity date.

40. SENIOR NOTES (Continued)

Notes: (Continued)

(c) 2018 Second Tranche Senior Notes

On June 7, 2018, the Company issued senior notes with an aggregate nominal value of US$100,000,000 ("**2018 Second Tranche Senior Notes**") at face value. 2018 Second Tranche Senior Notes bearing interest at 10.00% per annum payable semi-annually on December 7 and June 7 of each year, will mature on June 7, 2020. The effective interest rate is approximately 11.03% per annum after the adjustment for transaction costs. 2018 Second Tranche Senior Notes are listed on the Stock Exchange.

2018 Second Tranche Senior Notes may be redeemed in the following circumstances:

(1) At any time prior to June 7, 2020, the Company may at its option to redeem 2018 Second Tranche Senior Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of 2018 Second Tranche Senior Notes plus the applicable premium as of, and accrued interest, if any, to (but not including) the redemption date.

(2) At any time and from time to time prior to June 7, 2020, the Company may redeem up to 35% of the aggregate principal amount of 2018 Second Tranche Senior Notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 110.0% of the principal amount of 2018 Second Tranche Senior Notes redeemed, plus accrued interest, if any, to (but not including) the redemption date, provided that at least 65% of the aggregate principal amount of 2018 Second Tranche Senior Notes originally issued on the original issue date remains outstanding after such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

The Company will give not less than 30 days notice of any redemption.

The Directors consider that the fair value of the above early redemption options was insignificant on initial recognition and as at December 31, 2019.

The fair value of 2018 Second Tranche Senior Notes as at December 31, 2019 is approximately RMB675,750,000 based on quoted market price and classified as level 1 of fair value hierarchy.

(d) 2019 Senior Notes

On February 27, 2019, the Company issued senior notes with an aggregate nominal value of US$160,000,000 ("**2019 Original Notes**") at 97.0% of the principal amount of the 2019 Original Notes. 2019 Original Notes bearing interest at 13.50% per annum, payable semi-annually in arrears on February 28 and August 28 of each year, commencing on August 28, 2019, will mature on February 28, 2022. The effective interest rate is approximately 15.74% per annum after the adjustment for transaction costs. The 2019 Original Notes are listed on the Stock Exchange.

On March 15, 2019, the Company issued senior notes with an aggregate nominal value of US$295,000,000 ("**2019 Additional Notes**") at 97.0% of the principal amount of the 2019 Additional Notes plus accrued interest from (and including) February 27, 2019 to (but not including) March 15, 2019. The 2019 Additional Notes is to be consolidated and form a single series with the 2019 Original Notes. The principal terms of the Additional Notes are identical to the terms of the 2019 Original Notes, other than the aggregated principal amount and offer price. The effective interest rate is approximately 15.53% per annum after the adjustment for transaction costs.

The 2019 Original Notes and 2019 Additional Notes (collectively referred to as the "2019 Senior Notes") may be redeemed in the following circumstances:

40. SENIOR NOTES (Continued)

Notes: (Continued)

(d) 2019 Senior Notes (Continued)

(1) At any time prior to February 28, 2022, the Company may at its option redeem the 2019 Senior Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the redeemed 2019 Senior Notes plus the applicable premium as of, and accrued but unpaid interest, if any, to (but not including) the redemption date.

(2) At any time and from time to time prior to February 28, 2022, the Company may redeem up to 35% of the aggregate principal amount of the 2019 Senior Notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 113.5% of the principal amount of the 2019 Senior Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date, provided that at least 65% of the aggregate principal amount of the 2019 Senior Notes originally issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

The Company will give not less than 30 days' nor more than 60 days' notice of any redemption to the Notes holders and the trustee.

The Directors consider that the fair value of the above early redemption options was insignificant on initial recognition and as at December 31, 2019.

The fair value of 2019 Senior Notes as at December 31, 2019 is approximately RMB3,020,763,000 based on quoted market price and classified as level 1 of fair value hierarchy.

(e) 2019 Private Placement Notes

On April 9, 2019, the Company issued the notes with an aggregate nominal value of US$100,000,000 ("**2019 Private Placement Notes**"). 2019 Private Placement Notes bearing interest at 15.00% per annum, is payable quarterly in advance on January 9, April 9, July 9 and October 9 in each year, commencing on April 9, 2019.

2019 Private Placement Notes may be redeemed in the following circumstances:

(1) Scheduled redemption: Unless previously redeemed, or purchased and cancelled, the 2019 Private Placement Notes will be redeemed at their principal amount on January 9, 2021.

(2) Redemption at the option of holder of 2019 Private Placement Notes ("**Holders**"): The issuer shall, at the option of the Holders of any 2019 Private Placement Notes redeem all but not some of such Holder's 2019 Private Placement Notes on April 9, 2020 at 100% of the principal amount of such 2019 Private Placement Notes.

The Directors consider that the carrying amounts of 2019 Private Placement Notes recorded at amortized cost in the consolidated financial statements approximate their fair values as at December 31, 2019.

The Directors consider that the fair value of the above early redemption options was insignificant on initial recognition and as at December 31, 2019.

41. SHARE CAPITAL

	Number of shares	Share capital *HK$*	Equivalent to *RMB'000*
Ordinary shares of RMB0.001 each			
Authorized:			
At January 1, 2018, December 31, 2018 and 2019	10,000,000,000	10,000,000	
Issued and fully paid:			
At January 1, 2018	4,443,346,986	4,443,347	3,519
Exercise of share options *(note 43)*	1,071,000	1,071	1
At December 31, 2018 and 2019	4,444,417,986	4,444,418	3,520

During the year ended December 31, 2019, no share options to subscribe for ordinary shares with par value of RMB0.001 each were exercised (2018: 1,071,000) at RMB1.428 (2018: RMB1.428) per share.

42. RETIREMENT BENEFIT PLANS

According to the relevant laws and regulations in the PRC, the Company's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated by the local municipal government. The group entities in the PRC contribute funds which are calculated on a certain percentage range from 12% to 20% of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees. The principal obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme. The total cost charged to profit or loss for the year ended December 31, 2019 amounted to RMB24,704,000 (2018: RMB24,319,000), represent contributions paid or payable to the scheme by the Group.

43. SHARE-BASED PAYMENT TRANSACTIONS

Share Option Scheme

Pursuant to the pre-IPO share option scheme adopted by the Company on June 5, 2014 (the "**Pre-IPO Share Option Scheme**"), the Company granted to 54 grantees options to subscribe for an aggregate of 67,076,800 shares of the Company on June 16, 2014 (the "**Pre-IPO Share Option**").

All options under the Pre-IPO Share Option Scheme were granted on June 16, 2014. No additional performance target or condition applies to the outstanding options granted under the Pre-IPO Share Option Scheme. The exercise price for any option granted under the Pre-IPO Share Option Scheme shall be 60% of the offer price. All share options will be expired after 7 years since the grant date.

The vesting period of the Pre-IPO Share Option is as follows:

33.33%: from the date of grant to July 7, 2015

33.33%: from the date of grant to July 7, 2016

33.34%: from the date of grant to July 7, 2017

43. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Share Option Scheme (Continued)

Pre-IPO Share Option Scheme

The following table discloses movements of the Company's share options held by employees and directors during the year:

	Outstanding as at January 1, 2019	Exercised during the year	Lapsed during the year *(Note)*	Transferred	Outstanding as at December 31, 2019
Pre-IPO Share Option					
– Directors	**10,500,000**	**–**	**–**	**690,000**	**11,190,000**
– Other employees	**42,592,804**	**–**	**(4,386,667)**	**(690,000)**	**37,516,137**
	53,092,804	**–**	**(4,386,667)**	**–**	**48,706,137**
Exercisable at the end of the period					**48,706,137**
Weighted average exercise price (HKD)	**1.428**	**1.428**	**–**	**–**	**1.428**

	Outstanding as at January 1, 2018	Exercised during the year	Lapsed during the year *(Note)*	Transferred	Outstanding as at December 31, 2018
Pre-IPO Share Option					
– Directors	10,500,000	–	–	–	10,500,000
– Other employees	43,813,814	(1,071,000)	(150,010)	–	42,592,804
	54,313,814	(1,071,000)	(150,010)	–	53,092,804
Exercisable at the end of the period					53,092,804
Weighted average exercise price (HKD)	1.428	1.428	–	–	1.428

Note: Certain share options granted under Pre-IPO Share Option Scheme were lapsed during the years ended December 31, 2019 and 2018.

In respect of the share options exercised in 2018, the weighted average share price at the dates of exercise is HK$2.22 per share.

44. ACQUISITION OF SUBSIDIARIES

For the year ended December 31, 2018

Acquisition of businesses

(i) Seven real estate project companies

On August 31, 2017, Garden Group, Heshan Tengyue Property Development Co., Ltd. 鶴山市騰悦房地產開發有限公司 ("**Heshan Tengyue**"), a company indirectly controlled by Mr. Zhang Zhangqiao (younger brother of Mr. Zhang Zhangsun, executive director and controlling shareholder of the Company), Great Strong International Co., Ltd. 強旺國際有限公司, original shareholder of Jiangmen Yinghuiwan (ultimately controlled by Mr. Zhang Zhangqiao), and Jiangmen Yinghuiwan entered into an equity acquisition and cooperation agreement, pursuant to which Garden Group will acquire 10% equity interest in Jiangmen Yinghuiwan from Heshan Tengyue at a consideration of RMB34,340,000 and cooperate in the projects of Jiangmen Yinghuiwan.

On August 31, 2017, Garden Group entered into the subscription and cooperation agreements with the respective shareholders of Guangdong Hongtaiguotong, Guangdong Guosha, Tianjin Tianfurongsheng Real Estate Development Co., Ltd. 天津天富融盛房地產開發有限公司("**Tianjin Tianfurongsheng**"), Sanya Jingheng Properties Co., Ltd. 三亞景恒置業有限公司 ("**Sanya Jingheng**"), Chongqing Guosha Estate Development Co., Ltd. 重慶國廈房地產開發有限公司 ("**Chongqing Guosha**"), Handan Guoxia Real Estate Development Co., Ltd. 邯鄲市國夏房地產開發有限公司 ("**Handan Guoxia**"), which were ultimately controlled by Mr. Zhang Zhangqiao, to make capital contributions to those entities, at a total consideration of RMB233,920,000 to obtain 10% equity interest of each entity.

Those companies were previously accounted for as associates of the Group as at December 31, 2017 as the Group has the right to appoint one director in the board of each entity and has significant influence over these entities.

On April 27, 2018, the Group decided to increase its shareholding in these entities and entered into capital contribution agreements with the following entities, together with their respective shareholders at a total consideration set out below. Upon signing of the capital contribution agreements and the amendment of the articles of associations of each entity, these entities became subsidiaries of the Group. These acquisitions were accounted for using the acquisition method.

44. ACQUISITION OF SUBSIDIARIES (Continued)

For the year ended December 31, 2018 (Continued)

Acquisition of businesses (Continued)

(i) ***Seven real estate project companies (Continued)***

Name of subsidiaries	Capital contributions *RMB'000*	Capital of ownership interest held by the Group As at December 31, 2017	As at December 31, 2018
Jiangmen Yinghuiwan	170,169	10%	**52%**
Guangdong Hongtaiguotong	366,980	10%	**35%**
Guangdong Guosha	46,770	10%	**68%**
Tianjin Tianfurongsheng	171,060	10%	**35%**
Sanya Jingheng	253,820	10%	**35%**
Handan Guoxia	87,220	10%	**35%**
Chongqing Guosha	72,580	10%	**51%**
	1,168,599		

(ii) ***Shijiazhuang Guosha***

On November 23, 2018, Beijing Guoxing Wanxun Technology Trade Consulting Co., Ltd. 北京國興萬訊科貿諮詢有限公司 ("**Guoxing Wanxun**"), an indirect wholly-owned subsidiary of the Company, signed one subscription and cooperative development agreement to make capital contribution in Shijiazhuang Guosha which was originally controlled by Mr. Zhang Zhangqiao. Pursuant to the subscription and cooperative development agreement, Guoxing Wanxun will make capital contribution in Shijiazhuang Guosha of RMB356,100,000 to obtain its 51% equity interest. Upon completion of the capital contribution, Shijiazhuang Guosha became a subsidiary of the Group. The acquisition was accounted for using the acquisition method.

44. ACQUISITION OF SUBSIDIARIES (Continued)

For the year ended December 31, 2018 (Continued)

Acquisition of businesses (Continued)

Assets acquired and liabilities recognized at the date of acquisition are as follows:

	Seven real estate project companies *RMB'000*	Shijiazhuang Guosha *RMB'000*	Total *RMB'000*
Assets acquired and liabilities recognized at the date of acquisition:			
Property, plant and equipment	8,918	169	9,087
Other non-current assets	668	327,000	327,668
Properties under development for sale	8,553,279	1,877,048	10,430,327
Trade and other receivables, deposits and prepayments	1,017,092	29,113	1,046,205
Amounts due from related parties	1,299,842	–	1,299,842
Value added tax and tax recoverable	221,934	15,558	237,492
Bank balances and cash	694,238	35,931	730,169
Trade and other payables	(1,272,441)	(1,172,802)	(2,445,243)
Amounts due to related parties	(1,861,140)	–	(1,861,140)
Contract liabilities	(3,804,515)	(291,026)	(4,095,541)
Tax payable	(466)	–	(466)
Bank and other borrowings – due within one year	(200,000)	–	(200,000)
Bank and other borrowings – due after one year	(646,900)	(122,000)	(768,900)
Deferred tax liabilities	(959,790)	(157,701)	(1,117,491)
Fair value of net assets acquired	3,050,719	541,290	3,592,009
Fair value of 10% previously equity interests held by the Group	379,400	–	379,400
Plus: Non-controlling interests	2,586,084	439,065	3,025,149
Less: Fair value of net assets acquired	(3,050,719)	(541,290)	(3,592,009)
	(85,235)	(102,225)	(187,460)

The gain from bargain purchase amounted to RMB187,460,000 were recognized as a deemed contribution from a related party and recorded in "other reserve". The difference between the fair value of the previously equity interests held by the Group and the carrying amounts of such interests amounted to RMB121,250,000 was recognized in the profit or loss under "other gains and losses".

44. ACQUISITION OF SUBSIDIARIES (Continued)

For the year ended December 31, 2018 (Continued)

Acquisition of businesses (Continued)

The non-controlling interests in the subsidiaries recognized at the acquisition date were measured by reference to the proportionate share of net assets acquired.

Net cash inflow arising on acquisition:

	Seven real estate project companies *RMB'000*	Shijiazhuang Guosha *RMB'000*	Total *RMB'000*
Bank balances and cash acquired	694,238	35,931	730,169

45. DISPOSAL OF SUBSIDIARIES

For the year ended December 31, 2019

In 2019, the Group disposed of its 55% equity interest in Chaotuan International Trade Co., Ltd. 潮團國際商貿有限公司 ("**Chaotuan Trade**") to a related party at a nominal amount. The net assets of Chaotuan Trade at the date of disposal were as follows:

	December 31, 2019 *RMB'000*
Analysis of assets and liabilities over which control were lost:	
Properties under development for sale	**224,664**
Bank balances and cash	**40**
Other payables	**(62,750)**
Net assets disposed of	**161,954**
Loss on disposal of a subsidiary:	
Net assets disposed of	**161,954**
Non-controlling interests	**72,879**
Other receivable*	**90,000**
Gain on disposal of a subsidiary recognized in profit and loss	**(925)**
Net cash outflow arising on disposal:	
Cash consideration	**–**
Less: bank balances and cash disposed of	**(40)**
	(40)

* The amount will be settled in cash by the purchaser on or before June, 2020.

45. DISPOSAL OF SUBSIDIARIES (Continued)

For the year ended December 31, 2018

In 2018, New Beijing Glory disposed of its 51% equity interest in Wuxi Glory to a third party at a nominal amount and Wuxi Glory became an associate of the Group.

The net liabilities of Wuxi Glory at the date of disposal were as follows:

	December 31, 2018 *RMB'000*
Analysis of assets and liabilities over which control were lost:	
Property, plant and equipment	13
Properties under development for sale	220,585
Trade and other receivables, deposits and prepayments	419
Bank balances and cash	131
Amounts due to related parties	(221,553)
Net liabilities disposed of	(405)
Gain on disposal of a subsidiary recognized in profit and loss	405
Net cash outflow arising on disposal:	
Cash consideration	–
Less: Bank balances and cash disposed of	(131)
	(131)

46. PLEDGE OF ASSETS

The following assets were pledged to secure certain bank and trust borrowings granted to the Group at the end of each reporting period:

	At December 31,	
	2019 ***RMB'000***	2018 *RMB'000*
Investment properties	**18,606,400**	17,675,155
Property, plant and equipment	**784,730**	814,801
Right-of-use assets	**274,650**	–
Prepaid lease payments	**–**	278,637
Properties under development for sale	**16,470,513**	15,378,746
Properties held for sale	**748,090**	473,279
Restricted bank deposits	**250,006**	11
	37,134,389	34,620,629

As at December 31, 2019, bank deposits of RMB175,271,000 (2018: RMB215,778,000) were pledged as security for mortgage loans of the Group's customers.

46. PLEDGE OF ASSETS (Continued)

The equity interest of the following subsidiaries were pledged to secure certain bank and other loans facilities granted to the Group:

	As at December 31, 2019 %	As at December 31, 2018 %
Foshan Glory Southern Real Estate Development Co., Ltd. 佛山市國瑞南方地產開發有限公司 (“**Foshan Glory Southern**”)	**100**	100
Glory Investment	**100**	100
Beijing Wenhuashengda Real Estate Development Co., Ltd 北京文華盛達房地產開發有限公司 (“**Beijing Wenhuashengda**”)	**100**	100
Foshan Guohua	**100**	100
Shantou Glory Real Estate Development Co., Ltd. 汕頭市國瑞房地產開發有限公司 (“**Shantou Glory**”)	**100**	100
Shantou Guorui Hospital Co., Ltd. 汕頭市國瑞醫院有限公司 (“**Guorui Hospital**”)	**100**	100
Langfang Glory Real Estate Development Co., Ltd. 廊坊國瑞房地產開發有限公司 (“**Langfang Glory**”)	**–**	100
Suzhou Glory	**–**	100
Beijing Deheng	**100**	100
Shenzhen Wanji Pharmaceutical Co., Ltd. 深圳萬基藥業有限公司 (“**Shenzhen Wanji**”)	**75**	75
Hainan Junhe Industrial Co., Ltd. 海南駿和實業有限公司 (“**Hainan Junhe**”)	**80**	51
Glory Xingye (Beijing) Industrial Co., Ltd 國瑞興業(北京)實業股份有限公司 (“**Glory Industrial**”)	**91**	91
Guangdong Hongtaiguotong	**35**	35
New Beijing Glory	**80**	–
Langfang Guoxing	**100**	–
Guangdong Guosha	**35**	–

Except as disclosed above, the Group pledged 100% equity interest in Hainan Glory Investment & Development Co., Ltd. 海南國瑞投資開發有限公司 (“**Hainan Glory Investment**”) to Hai Kou New City Construction & Development Co., Ltd. 海口新城區開發建設有限公司 (“**Hai Kou New City**”) in order to secure the performance obligation as at December 31, 2019 and 2018. The pledge shall be released within 10 days after the completion of the construction contract.

47. OPERATING LEASES

The Group as lessee

	December 31, 2019 RMB'000
Minimum lease payments paid under operating leases during the year	**3,254**

The Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	December 31, 2018 RMB'000
Within one year	1,774
In the second to fifth year inclusive	732
Over five years	326
	2,832

The Group as lessor

All of the offices, shopping mall and retail stores held for rental purposes have committed lessees for the next 1 and 10 years respectively.

Minimum lease payments receivable on leases are as follows:

	December 31, 2019 RMB'000
Within one year	**658,555**
In the second year	**547,672**
In the third year	**408,629**
In the fourth year	**270,259**
In the fifth year	**186,189**
After five years	**402,086**
	2,473,390

47. OPERATING LEASES (Continued)

The Group as lessor (Continued)

The Group had contracted with lessees for the following future minimum lease payments:

	December 31, 2018 *RMB'000*
Within one year	628,302
In the second year to fifth year inclusive	1,518,288
After five years	457,118
	2,603,708

48. COMMITMENTS

	At December 31,	
	2019 ***RMB'000***	2018 *RMB'000*
Contracted but not provided for in the consolidated financial statements:		
– Expenditure in respect of investment properties under development	**218,438**	242,421
– Construction of properties for own use	**613,264**	644,841
– Expenditure in respect of investment in a subsidiary	**459,380**	–
– Investment in a joint venture	**–**	1,173,000
	1,291,082	2,060,262

In addition to the above capital commitments, the Group had contracted expenditure in respect of properties under development for sale of RMB6,843,636,000 (2018: RMB7,202,418,000) as at December 31, 2019, which have not provided for in the consolidated financial statements.

49. CONTINGENT LIABILITIES

	At December 31,	
	2019	2018
	RMB'000	*RMB'000*
Guarantees provided by the Group in respect of loan facilities utilized by		
– individual property buyers *(Note)*	**8,405,698**	7,651,650
– corporate property buyers *(Note)*	**54,640**	43,366
	8,460,338	7,695,016

Note: The Group has pledged certain bank deposits (details set out in note 46) and provided guarantees to banks in favor of its customers in respect of the mortgage loans provided by the banks to those customers for the purchase of the Group's developed properties and under development properties. These guarantees provided by the Group to the banks will be released upon receiving the building ownership certificate of the respective properties by the banks from the customers as security of the mortgage loans granted.

In the opinion of the Directors, the fair value of the financial guarantee contracts at initial recognition and subsequently at the end of each reporting period is not significant as the default rate is low and a large portion of consideration from property sales contract has been received and recognized as contract liabilities.

Pursuant to the construction contract signed between Hainan Glory Real Estate Development Co., Ltd. 海南國瑞房地產開發有限公司 ("**Hainan Glory**") and Hai Kou New City on July 5, 2009, Hainan Glory pledged its 100% equity interest in Hainan Glory Investment to Hai Kou New City, the details of the pledge are disclosed in note 46.

As at December 31, 2019, Garden Group has provided guarantee to a bank for a banking facility granted to the Ruida Zhiye, of which the bank borrowing guaranteed by the Group was amounting to RMB799,785,000.

As at December 31, 2019, Handan Guoxia has provided guarantee for a bank borrowing granted to the Shijiazhuang Guolong Properties Development Co., Ltd 石家莊國龍房地產開發有限公司 ("Shijiazhuang Guolong"), a company controlled by Mr. Zhang Zhangqiao, of which the bank borrowing guaranteed by the Group was amounting to RMB100,000,000.

As at December 31, 2019, Guangdong Hongtaiguotong has provided guarantee for a bank borrowing granted to the Foshan Shunde Zanglong Education Management Co., Ltd 佛山市順德區藏瓏教育管理有限公司, a third party, of which the bank borrowing guaranteed by the Group was amounting to RMB9,900,000.

50. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to equity holders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debts, which includes the bank and trust borrowings as disclosed in note 38, corporate bonds as disclosed in note 39 and senior notes as disclosed in note 40, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital, retained earnings and other reserves.

The Directors review the capital structure regularly. The Group considers the cost of capital and the risks associated with each class of capital, and will balance its overall capital structure through issuance of new shares, payment of dividends, as well as raising of bank and trust borrowings and redemption of bank and trust borrowings.

51. FINANCIAL INSTRUMENTS

Categories of financial instruments

	At December 31,	
	2019	2018
	RMB'000	*RMB'000*
Financial assets		
Financial assets at amortized cost	**8,464,206**	6,153,684
Equity instruments at FVTOCI	**32,400**	220,307
	8,496,606	6,373,991
Financial liabilities		
Liabilities measured at amortized cost	**38,374,663**	37,785,151
Rental deposits received	**155,429**	142,321
	38,530,092	37,927,472

Financial risk management objectives and policies

The Group's financial instruments include financial assets at fair value through profit or loss, equity investments, trade and other receivables, amounts due from related parties, restricted bank deposits, bank balances and cash, trade and other payables, amounts due to related parties, bank and trust borrowings, lease liabilities, corporate bonds and senior notes. Details of these financial instruments are set out in respective notes. The risks associated with these financial instruments include market risk (foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

51. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk

The Group's activities expose primarily to the market risks of changes in interest rates and foreign currency exchange rates.

There has been no significant change to the Group's exposure to market risks or the manner in which it manages and measures the risk over each of the reporting period.

(1) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank borrowings (see note 38 for details of these borrowings) and lease liabilities (see not 37 for details).The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances, restricted bank deposits and bank and trust borrowings which carry at prevailing deposit interest rates or variable rate based on the interest rates quoted by the People's Bank of China.

The Group's fair value interest rate risk relates primarily to its fixed rate bank and trust borrowings, corporate bonds and senior notes. The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk.

However, the management will consider hedging significant interest rate exposure should the need arise.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Sensitivity analysis

The sensitivity analysis below has been prepared based on the exposure to interest rates on variable rate bank and trust borrowings at the end of the reporting period. No sensitivity analysis has been presented for bank balances and restricted bank deposits as the management considers that the fluctuation in interest rates on bank balances and restricted bank deposits is minimal. For variable rate bank and trust borrowings, the analysis is prepared assuming the stipulated change taking place at the beginning of the financial year and held constant throughout the year. A 50 basis points (2018: 50 basis points) increase or decrease for variable rate bank and trust borrowings are used when reporting interest rate risk internally to key management personnel and represent management's assessment of the reasonably possible change in interest rate in respect of bank and trust borrowings.

Bank balances and cash are excluded from sensitivity analysis as the directors of the Company consider that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

If interest rates had been increased/decreased by 50 basis points (2018: 50 basis points) in respect of variable rate bank and trust borrowings and all other variables were held constant, the Group's post-tax profit for the year ended December 31, 2019 (net of interest capitalization effect) would be decreased/increased by approximately RMB4,657,000 (2018: RMB3,573,000).

51. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

(2) Foreign currency risk

The Group collects all of its revenue in RMB and incurs most of its expenditures in RMB.

The Group has certain bank deposits, bank borrowings and senior notes in foreign currencies; hence exposure to exchange rate fluctuations arises. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Liabilities At December 31,		**Assets At December 31,**	
	2019 RMB'000	2018 RMB'000	**2019 RMB'000**	2018 RMB'000
HK$	**–**	–	**1,463**	1,246
USD	**4,671,718**	4,445,783	**265**	692
Singapore Dollar ("**SGD$**")	**–**	–	**–**	75
	4,671,718	4,445,783	**1,728**	2,013

Sensitivity analysis

The sensitivity analysis below has been determined based on a 5% (2018: 5%) possible appreciation or depreciation in other currencies against RMB. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjust its translation at the end of the reporting period for a 5% change in the foreign currency rates. The sensitivity rate used is the rate when reporting foreign currency risk internally to key management personnel and represents the management's assessment of the reasonably possible change in foreign exchange rates.

For financial assets, if the foreign currencies appreciates 5% against RMB and all other variables were held constant, the Group's profit for the year ended December 31, 2019 would be increased by RMB86,000 (2018: RMB101,000). There would be an equal and opposite impact on post-tax profit for the year if the foreign currencies depreciates 5% against RMB.

For financial liabilities, if the foreign currencies appreciates 5% against RMB and all other variables were held constant, the Group's post-tax profit for the year ended December 31, 2019 would be decreased by RMB233,586,000 (2018: RMB222,289,000). There would be an equal and opposite impact on post-tax profit for the year if the foreign currencies depreciates 5% against RMB.

In the opinion of the Directors, the sensitivity analysis is unrepresentative of the inherent currency risk as the exposure at the end of the reporting period does not reflect the exposure during the year.

(3) Other price risk

The Group is exposed to equity price risk through its investments in equity securities measured at FVTOCI. The Group invested in certain unquoted equity securities for investees involved in for long term strategic purposes which had been designed as FVTOCI. The Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

51. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group is exposed to credit risk in relation to its trade and other receivables, contract assets, amounts due from related parties, restricted bank deposits, bank balances and financial guarantee contracts issued by the Group.

At the end of each of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantee contracts issued by the Group is arising from the carrying amount of the respective recognized financial assets as stated in the consolidated statement of financial position and the amount of contingent liabilities disclosed in note 49.

To manage this risk, bank deposits are mainly placed with state-owned financial institutions and reputable banks. The Group has policies to control the size of the deposits to be placed with various reputable financial institutions according to their market reputation, operating scale and financial background with a view to limiting the amount of credit exposure to any single financial institution.

The Group has no concentration of credit risk in respect of trade and other receivables, with exposure spread over a number of customers, who are individual purchasers for residential properties and various types of corporations and other business entities for commercial properties.

In order to minimize the credit risk, monitoring procedures are carried out to ensure that follow up action is taken to recover overdue debts. In addition, the management of the Group reviews regularly the recoverable amount of trade and other receivables at the end of each reporting period. The amounts presented in the consolidated statement of financial position are net of allowances for credit losses, estimated by the Group's management based on historical settlement records, adjusts for forward-looking information and their assessment of the current economic environment. The Group performs impairment assessment under ECL model on trade balances individually or based on provision matrix.

The Group has concentration of credit risk on amounts due from related parties as at December 31, 2019 with details set out in note 52. The management of the Group considers the credit risk and probability of default are low for those related parties, no material loss allowance was recognized in respect of the amounts due from related parties accordingly.

For properties that are presold but development has not been completed, the Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of the properties for an amount up to 70% of the purchase price of the individual property. If a purchaser defaults on the payment of its mortgage during the period of guarantee, the bank holding the mortgage may demand the Group to repay the outstanding loan and any interest accrued thereon. Under such circumstances, the Group is able to forfeit the sales deposit received and resell the reprocessed properties. Therefore, the management considers it would likely recover any loss incurred arising from the guarantee provided by the Group. The management considers the credit risk exposure to financial guarantees provided to property purchasers is limited because the facilities are secured by the properties, the amount drawn down was held by the Group, and the market price of the properties is higher than the guaranteed amounts.

51. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The tables below detail the credit risk exposures of the Group's financial assets and other items, which are subject to ECL assessment:

	12-month or lifetime ECL	At December 31, 2019 Gross carrying amount *RMB'000*	2018 Gross carrying amount *RMB'000*
Financial assets at amortized cost			
Trade receivables	Lifetime ECL	**532,502**	388,682
Lease receivables	Lifetime ECL	**126,259**	78,052
Lease receivables	Lifetime ECL (credit-impaired)	**1,917**	–
Other receivables and deposits	12m ECL	**1,153,396**	2,533,454
Other receivables and deposits	Lifetime ECL (credit-impaired)	**3,560**	–
Amounts due from related parties	12m ECL	**4,460,656**	2,588,873
Other items			
Contract assets	Lifetime ECL	**1,442,134**	1,223,570
Financial guarantee *(Note)*	12m ECL	**909,685**	–

Note: For financial guarantee contracts, the gross carrying amount represents the maximum amount the Group has guaranteed under the respective contracts.

The following tables show reconciliation of loss allowances that has been recognized for trade receivables, lease receivables, other receivables and amount due from related parties.

	12m ECL *RMB'000*	Lifetime ECL (not credit-impaired) *RMB'000*	Lifetime ECL (credit-impaired) *RMB'000*	Total *RMB'000*
As at 31 December 2018	–	–	3,027	3,027
– Impairment losses recognized				
trade receivables and lease receivables	–	559	1,917	2,476
other receivables	1,377	–	3,560	4,937
amount due from related parties	2,986	–	16,814	19,800
As at 31 December 2019	**4,363**	**559**	**25,318**	**30,240**

For financial guarantee contracts, the maximum amount that the Group has guaranteed under the respective contracts was RMB909,685,000 as at December 31, 2019 (2018: Nil). At the end of the reporting period, the Directors have performed impairment assessment, and concluded that the ECL since initial recognition of the financial guarantee contracts is insignificant. Details of the financial guarantee contracts are set out in Note 49.

51. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and the flexibility through the use of borrowings and its available credit facilities. The Directors closely monitor the liquidity position and ensure it has adequate sources of funding to finance the Group's projects and operations.

Based on the business model, the Group relied to a great extent on proceeds received from properties pre-sale to finance its development and construction of real estate projects. As there is no assurance that proceeds received from future pre-sales of the Group's current real estate projects will be sufficient to meet the Group's needs, the Group's operating plan requires it to raise additional funds to finance the development and construction of its current real estate projects. If the Group is unable to raise additional equity or debt financing, the Group's operations might need to be curtailed.

The management performed cash flow forecasts for the Group's operations and monitors the forecasts of the Group's liquidity requirements from time to time to ensure the Group has sufficient cash to meet its operational needs and settle liabilities when they fall due. The management takes into account the following considerations in projecting their cash flow forecasts: (a) estimated cash inflows from property sales; (b) further loans under provisional approvals of certain banks which are subject to application by the Group; and (c) senior loan notes for issue up to the amount of US$230 million (equivalent to approximately RMB1,500 million), the endorsement of which from the National Development and Reform Commission (國家發展和改革委員會) (that valid for the period till July 31, 2020) has been obtained. The Directors consider that the Group will be able to maintain sufficient financial resources to meet its operational needs. However, the current economic conditions continue to create uncertainty particularly over the level of demand for the Group's properties for sale and the availability of bank finances for the foreseeable future. Any delay or unavailability of any of the above measure or sources of finance would impact the Group's liquidity position. The management will closely monitor the liquidity position and set out alternative measures which include adjusting the construction progress as appropriate, reducing the Group's spending on land investments, accelerating sales with more flexible pricing and obtaining other external financing through security market.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are variable rate, the undiscounted amount is derived from interest rate at the end of the reporting period. The amounts included below for variable rate financial liabilities is subject to change if change in interest rates differ to those estimates of interest rates determined at the end of the reporting period.

51. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk management (Continued)

		Undiscounted cash flows					
	Interest rate	On demand and Less than 1 year *RMB'000*	1-2 years *RMB'000*	2-5 years *RMB'000*	Over 5 years *RMB'000*	Total undiscounted cash flows *RMB'000*	Carrying amount *RMB'000*
At December 31, 2019							
Trade and other payables	–	5,604,397	–	–	–	5,604,397	5,604,397
Amounts due to related parties	–	5,322,007	–	–	–	5,322,007	5,322,007
Rental deposits received	–	33,366	27,344	94,719	–	155,429	155,429
Bank and trust borrowings							
– Fixed interest rate borrowings	4.75%-13.00%	4,649,063	2,346,949	3,351,814	5,978,656	16,326,482	12,472,547
– Variable interest rate borrowings	4.75%-10.00%	3,116,039	2,592,007	3,611,980	1,656,028	10,976,054	9,594,057
Lease liabilities	8.08%	1,935	1,935	1,365	–	5,235	4,574
Corporate bonds	7.25%-8.50%	100,790	542,500	–	–	643,290	565,787
Senior notes	7.00%-19.80%	2,136,568	435,399	3,442,876	–	6,014,843	4,811,294
		20,964,165	5,946,134	10,502,754	7,634,684	45,047,737	38,530,092
Financial guarantee contracts		9,370,023	9,370,023	–	–	9,370,023	–
		30,334,188	5,946,134	10,502,754	7,634,684	54,417,760	38,530,092
At December 31, 2018							
Trade and other payables	–	4,721,783	–	–	–	4,721,783	4,721,783
Amounts due to related parties	–	4,265,166	–	–	–	4,265,166	4,265,166
Rental deposits received	–	36,009	28,364	77,948	–	142,321	142,321
Bank and trust borrowings							
– Fixed interest rate borrowings	4.75%-12.00%	7,951,969	3,628,426	1,885,952	3,722,087	17,188,434	14,528,642
– Variable interest rate borrowings	4.75%-8.50%	2,448,866	1,871,225	2,835,870	3,165,284	10,321,245	8,770,342
Corporate bonds	5.47%-7.64%	1,056,964	58,634	–	–	1,115,598	1,053,435
Senior notes	7.82%-11.94%	4,002,961	720,636	–	–	4,723,597	4,445,783
		24,483,718	6,307,285	4,799,770	6,887,371	42,478,144	37,927,472
Financial guarantee contracts		7,695,016	–	–	–	7,695,016	–
		32,178,734	6,307,285	4,799,770	6,887,371	50,173,160	37,927,472

51. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk management (Continued)

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

Fair value

The Group's investment in unlisted investments were measured at fair value, are grouped into Level 3.

Financial assets	Fair value as at December 31, 2019	Fair value as at December 31, 2018	Fair value hierarchy
Equity investments at fair value through other comprehensive income (see note 23)	**0.15% equity investment in Bohai Life Limited – RMB27,400,000 and 10% equity investment in Yongqing Jiyin Rural Bank – RMB5,000,000**	1.23% equity investment in Bohai Life Limited – RMB215,307,000 and 10% equity investment in Yongqing Jiyin Rural Bank – RMB5,000,000	Level 3

Except as disclosed in notes 39 and 40, the Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the consolidated financial statements approximate their fair values.

52. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group has the following related party balances and transactions.

A. The following parties are identified as related parties to the Group and the respective relationships are set out below:

Name of related party	Relationship
Mr. Zhang Zhangsun	Executive Director and controlling shareholder of the Group
Ms. Ruan Wenjuan	Executive Director and spouse of Mr. Zhang Zhangsun
Ms. Zhang Jin	Executive Director and daughter of Mr. Zhang Zhangsun
Mr. Zhang zhangqiao	Younger brother of Mr. Zhang zhangsun
Beijing Glory Commercial Management Co., Ltd.* ("**Glory Commercial Management**") 北京國瑞興業商業管理有限公司	Controlled by Ms. Zhang Jin
Jinming Wujin Material Co., Ltd. * ("**Jinming Wujin**") 汕頭市金明五金材料有限公司	Controlled by Mr. Zhang Zhangsun
Foshan Yinhe Ruixing Commercial Management Co., Ltd.* ("**Foshan Yinhe**") 佛山市銀和瑞興商業管理有限公司	Controlled by Ms. Zhang Jin
Shenyang Glory Xingda Management Co., Ltd* ("**Shenyang Xingda**") 沈陽國瑞興達企業管理有限公司	Controlled by Ms. Zhang Jin
Longhu Huamu	Controlled by Ms. Zhang Youxi, sister of Mr. Zhang Zhangsun
Shantou Garden Hotel Management Co., Ltd.* ("**Shantou Garden Hotel**") 汕頭市花園賓館管理有限公司	Controlled by Mr. Zhang Zhangsun
Beijing Glory Property Services Co., Ltd. * ("**Glory Services**") 北京國瑞物業服務有限公司	Controlled by Mr. Zhang Zhangsun
Alltogether Land	Parent and ultimate holding company controlled by Mr. Zhang Zhangsun
Shenzhen Glory Industrial	Controlled by Mr. Zhang Zhangsun
Maorui Zhiye	Joint Venture
Ruida Zhiye.	Associate

52. RELATED PARTY TRANSACTIONS (Continued)

A. The following parties are identified as related parties to the Group and the respective relationships are set out below: (Continued)

Name of related party	Relationship
Ruimao Real Estate	Joint venture
Guangdong Guosha Investment Holding Group Co., Ltd ("**Guangdong Guosha Investment**") 廣東國廈投資控股集團有限公司	Controlled by Mr. Zhang Zhangqiao
Hainan Glory Commercial Management Co., Ltd.* ("**Hainan Glory Commercial Management**") 海南國瑞興業商業管理有限公司	Controlled by Ms. Zhang Jin
Xi'an Ruihe Xingda Commercial Management Co., Ltd.* ("**Xi'an Ruihe**") 西安瑞和興達商業管理有限公司	Controlled by Ms. Zhang Jin
Wuxi Glory	Associate
Shantou Garden Property Services Co., Ltd.* ("**Shantou Garden Services**") 汕頭市花園物業管理有限公司	Controlled by Ms. Zhang Jin
Beijing Guoyin Investment Fund Management Co., Ltd. ("**Guoyin Fund Investment Management**") 北京國銀投資基金管理有限公司	Controlled by Ms. Zhang Jin
Tung Wo International Investment Limited ("**Tung Wo International**")	Controlled by Mr. Zhang Zhangsun
Beijing Yinhe Guorui Commercial Investment Co., Ltd ("**Beijing Yinhe**") 北京銀和國瑞商業投資有限公司	Controlled by Ms. Zhang Jin
Beijing Dayuan Tongrui Investment Center (limited partnership) ("**Beijing Dayuan Tongrui**") 北京達源通瑞投資中心（有限合夥）	Controlled by Ms. Zhang Jin
Beijing Huirui Capital Investment Co., Ltd ("**Beijing Huirui**") 北京匯瑞資本投資有限公司	Controlled by Ms. Zhang Youxi, sister of Mr. Zhang Zhangsun
Shijizhuang Guolong	Controlled by Ms. Zhang Youxi, sister of Mr. Zhang Zhangsun

* The English name of the companies established in the PRC are for reference only and have not been registered.

52. RELATED PARTY TRANSACTIONS (Continued)

B. At the end of the reporting period, the Group has deposit paid to or amounts receivable from the following related parties and the details are set out below:

Name of related party	At December 31, 2019 RMB'000	At December 31, 2018 RMB'000
Trade nature (Note (i)):		
Foshan Yinhe	**22,432**	16,772
Beijing Dayuan Tongrui	**2,150**	–
Beijing Huirui	**7,204**	–
Guoyin Fund Investment Management	**228**	–
	32,014	16,772
Non-trade nature (Note (ii)):		
Guangdong Guosha Investment	**2,817,490**	462,224
Ruida Zhiye	**1,301,157**	970,520
Maorui Zhiye	**135,095**	511,390
Wuxi Glory	**76,521**	124,439
Glory Services	**20,171**	6,360
Foshan Yinhe	**17,001**	14,645
Ruimao Real Estate	**16,580**	458,376
Glory Commercial Management	**14,573**	12,855
Shenzhen Glory Industrial	**9,110**	5,000
Alltogether Land	**5,811**	145
Jinming Wujin	**5,689**	–
Longhu Huamu	**4,000**	4,000
Xi'an Ruihe	**3,011**	440
Hainan Glory Commercial Management	**1,264**	847
Shenyang Xingda	**1,160**	860
Mr. Zhang Zhangsun	**7**	–
Tung Wo International	**2**	–
	4,428,642	2,572,101
Total	**4,460,656**	2,588,873
Allowance for credit losses	**(19,800)**	–
Total	**4,440,856**	2,588,873

Notes:

(i) Balances of trade nature are unsecured, interest free and aged within one year.

(ii) Balances of non-trade nature are unsecured and repayable on demand. Included in the balances were RMB1,232,085,000 (2018: RMB1,836,479,000) bearing interest ranging from 4.35% to 9.30% (2018: 4.35% to 9.30%).

52. RELATED PARTY TRANSACTIONS (Continued)

B. At the end of the reporting period, the Group has deposit paid to or amounts receivable from the following related parties and the details are set out below: (Continued)

	Year ended December 31,	
Maximum amount outstanding for non-trade receivables	**2019 *RMB'000***	2018 *RMB'000*
Guangdong Guosha Investment	**2,817,490**	462,223
Ruida Zhiye	**1,301,157**	2,073,866
Maorui Zhiye	**511,390**	827,914
Ruimao Real Estate	**458,376**	458,376
Wuxi Glory	**124,439**	124,439
Glory Services	**20,171**	6,360
Foshan Yinhe	**17,001**	14,645
Glory Commercial Management	**14,573**	12,855
Shenzhen Glory Industrial	**9,110**	5,000
Alltogether Land	**5,811**	145
Jinming Wujin	**5,689**	–
Longhu Huamu	**4,000**	4,000
Xi'an Ruihe	**3,011**	440
Hainan Glory Commercial Management	**1,264**	847
Shenyang Xingda	**1,160**	860
Mr. Zhang Zhangsun	**7**	–
Tung Wo International	**2**	–
Total	**5,294,651**	3,991,970

52. RELATED PARTY TRANSACTIONS (Continued)

C. At the end of the reporting period, the Group has amounts due to the following related parties and the details are set out below:

Name of related party	At December 31, 2019 RMB'000	At December 31, 2018 RMB'000
Trade nature: *(Note (i))*		
Glory Services	**11,252**	12,055
Glory Commercial Management	**32,212**	45
Shenyang Xingda	**674**	347
	44,138	12,447
Non-trade nature: *(Note (ii))*		
Guangdong Guoxia Investment	**2,713,155**	1,415,906
Longhu Huamu	**1,427,788**	1,528,011
Alltogether Land *(Note (iii))*	**717,242**	1,225,142
Ruimao Real Estate	**419,147**	82,820
Glory Services	**189**	–
Beijing Yinhe	**148**	–
Tung Wo International	**200**	–
Shantou Garden Services	**–**	650
Jinming Wujin	**–**	190
	5,277,869	4,252,719
Total	**5,322,007**	4,265,166

Notes:

(i) Balances of trade nature are unsecured, interest free, and aged within one year.

(ii) Balances of non-trade nature are unsecured, interest free and repayable on demand.

(iii) The amount represented dividend payable and advance from shareholder of the Company recorded under amounts due to related parties.

52. RELATED PARTY TRANSACTIONS (Continued)

D. During the reporting period, the Group entered into the following transactions with its related parties:

Name of related party	Nature of transaction	Year ended December 31, 2019 RMB'000	2018 RMB'000
Trade nature			
Glory Commercial Management	Property management services fee	**35,852**	26,658
Foshan Yinhe	Property management services fee	**–**	514
Shenyang Xingda	Property management services fee	**–**	2,715
Glory Services	Property management services fee	**24,447**	10,925

Except for the transactions above, in 2019, the Group disposal of 55% equity interest in Chaotuan Trade to a related party at a nominal amount. Details of the disposal are set out in note 45.

E. Mr. Zhang Zhangsun and Ms. Ruan Wenjuan have provided guarantees for certain bank loans and trust loans granted to the Group for nil consideration. As at December 31, 2019, the Group has bank loans and other loans guaranteed by Mr. Zhang Zhangsun and Ms. Ruan Wenjuan amounting to RMB13,129,073,000 (December 31, 2018: RMB10,030,182,000).

Mr. Zhang Zhangqiao and his spouse have provided guarantees for certain bank loans and trust loans granted to the Group for nil consideration. As at December 31, 2019, the Group has bank loans and other loans guaranteed by Mr. Zhangqiao and his spouse amounting to RMB1,117,524,000 (December 31, 2018: RMB564,700,000).

Longhu Huamu has provided guarantees for certain bank loans and other loans granted to the Group for nil consideration. As at December 31, 2019, no bank loans and other loans guaranteed by Longhu Huamu (December 31, 2018: RMB1,389,132,000).

52. RELATED PARTY TRANSACTIONS (Continued)

F. As at December 31, 2019, Handan Guoxia has provided guarantee for a bank borrowing granted to the Shijiazhuang Guolong, a company controlled by Mr. Zhang Zhangqiao, of which the bank borrowing guaranteed by the Group was amounting to RMB100,000,000.

As at December 31, 2019, Garden Group has provided guarantee to a bank for a banking facility granted to the Ruida Zhiye, of which the bank borrowing guaranteed by the Group was amounting to RMB799,785,000.

G. Key management personnel emoluments

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including directors and other key management of the Group. The key management personnel compensation is as follows:

	At December 31,	
	2019	2018
	RMB'000	*RMB'000*
Short-term employee benefits	**26,210**	25,788
Retirement benefit contributions	**508**	596
Equity-settled share-based payments	**–**	–
	26,718	26,384

53. PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries at the end of the reporting period are set out below.

Name of subsidiaries	Place of incorporation/ establishment	Issued and fully paid share capital/ paid up capital	Attributable equity interest of the Group At December 31, 2019	2018	Principal activities
Garden Group* ^	PRC	Paid up capital RMB48,000,000	**100%**	100%	Investment holding
Glory Industrial*	PRC	Paid up capital RMB458,224,110	**91%**	91%	Property development and rental business
Shantou Glory Construction Materials and Household Exhibition Center Co., Ltd.* 汕頭國瑞建材家居博覽中心有限公司	PRC	Paid up capital RMB200,000,000	**90%**	90%	Rental business
Original Beijing Glory*	PRC	Paid up capital RMB1,166,000,000	**80%**	80%	Property development primary land construction development services and rental business
New Beijing Glory*	PRC	Paid up capital RMB52,000,000	**80%**	80%	Rental business
Glory Investment*	PRC	Paid up capital RMB10,000,000	**80%**	80%	Property development
Wanning Glory Real Estate Development Co., Ltd.* 萬寧國瑞房地產開發有限公司	PRC	Paid up capital RMB30,000,000	**80%**	80%	Property development
Hainan Tongcheng Industrial Co., Ltd.* 海南同城實業有限公司	PRC	Paid up capital RMB74,270,000	**80%**	80%	Property development
Hainan Nandujiang Industrial Development Co., Ltd.* 海南南渡江實業發展有限公司	PRC	Paid up capital RMB20,030,000	**80%**	80%	Property development
Haikou Hangrui Development Industrial Co., Ltd.* ("**Haikou Hangrui**") 海口航瑞實業發展有限公司	PRC	Paid up capital RMB110,104,100	**80%**	80%	Property development

53. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiaries	Place of incorporation/ establishment	Issued and fully paid share capital/ paid up capital	Attributable equity interest of the Group At December 31, 2019	2018	Principal activities
Hainan Glory Investment*	PRC	Paid up capital RMB466,869,243	**80%**	80%	Property development
Xinzheng Glory Real Estate Development Co., Ltd. * 新鄭市國瑞房地產開發有限公司	PRC	Paid up capital RMB100,000,000	**80%**	80%	Property development
Foshan Glory Xingye Real Estate Co., Ltd* 佛山市國瑞興業地產有限公司	PRC	Paid up capital RMB10,000,000	**80%**	80%	Property development
Foshan Guohua* *(note (c))*	PRC	Paid up capital RMB100,000,000	**44%**	44%	Property development
Langfang Guosheng Real Estate Development Co., Ltd.* 廊坊國盛房地產開發有限公司	PRC	Paid up capital RMB30,000,000	**80%**	80%	Property development
Langfang Glory*	PRC	Paid up capital RMB150,000,000	**80%**	80%	Property development
Langfang Guoxing * ^	PRC	Paid up capital RMB2,011,667,394	**100%**	100%	Property development
Shenyang Dadongfang Property Development Co., Ltd* 瀋陽大東方置業有限公司	PRC	Paid up capital RMB186,362,194	**80%**	80%	Property development
Shenyang Glory Industrial Commerce Co., Ltd.* 瀋陽國瑞興業商務有限公司	PRC	Paid up capital RMB1,000,000	**80%**	80%	Rental business
Shaanxi Huawei Shida Industrial Co., Ltd* 陝西華威世達實業有限公司	PRC	Paid up capital RMB200,000,000	**80%**	80%	Property development
Hainan Junhe*	PRC	Paid up capital RMB50,000,000	**80%**	80%	Property development
Beijing Wenhuashengda*	PRC	Paid up capital RMB50,000,000	**80%**	80%	Property development

53. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiaries	Place of incorporation/ establishment	Issued and fully paid share capital/ paid up capital	Attributable equity interest of the Group At December 31, 2019	2018	Principal activities
Foshan Glory Southern*	PRC	Paid up capital RMB33,330,000	**80%**	80%	Property development and rental business
Shenzhen Wanji*	PRC	Paid up capital RMB130,000,000	**80%**	80%	Rental business
Shenyang Guoyi Business Management Co., Ltd.* 瀋陽國益商業管理有限公司	PRC	Paid up capital RMB20,000,000	**80%**	80%	Rental business
Shenyang Guorui Business Management Co., Ltd.* 瀋陽國瑞商業管理有限公司	PRC	Paid up capital RMB50,000,000	**80%**	80%	Rental business
Shenyang Guosheng Business Management Co., Ltd.* 瀋陽國盛商業管理有限公司	PRC	Paid up capital RMB30,000,000	**80%**	80%	Rental business
Shantou Glory*	PRC	Paid up capital RMB200,000,000	**80%**	80%	Property development
Suzhou Glory*	PRC	Paid up capital RMB50,000,000	**80%**	80%	Property development
Qidong Yujiangwan*	PRC	Paid up capital RMB50,000,000	**72%**	72%	Property development
Yaoji (Nantong) Industrial Co., Ltd.* 姚記(南通)實業有限公司	PRC	Paid up capital RMB102,500,000	**72%**	72%	Property development
Shantou Glory Properties Co., Ltd.*^ 汕頭市國瑞置業有限公司	PRC	Paid up capital RMB920,100,000	**100%**	100%	Property development
Shenzhen Dachaoshan*	PRC	Paid up capital RMB180,093,000	**85%**	85%	Property development
Beijing Deheng*	PRC	Paid up capital RMB50,000,000	**80%**	80%	Property development

53. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiaries	Place of incorporation/ establishment	Issued and fully paid share capital/ paid up capital	Attributable equity interest of the Group At December 31, 2019	2018	Principal activities
Chaotuan Trade * ^	PRC	Paid up capital –	**N/A** *note(45)*	55%	Property development
Wuxi Glory *	PRC	Paid up capital –	**N/A**	N/A *note(45)*	Property development
Foshan Guofeng Estate Development Co., Ltd. * 佛山市國豐地產開發有限公司	PRC	Paid up capital RMB10,000,000	**80%**	80%	Property development
Tongren Glory Real Estate Development Co., Ltd. * 銅仁國瑞房地產開發有限公司	PRC	Paid up capital –	**100%**	100% *(Note(b))*	Property Development
Chongqing Guosha *	PRC	Paid up capital RMB40,820,000	**51%**	51% *(Note(d))*	Property Development
Handan Guoxia *	PRC	Paid up capital RMB153,850,000	**35%**	35% *(Note(d))*	Property Development
Sanya Jingheng *	PRC	Paid up capital RMB815,380,000	**35%**	35% *(Note(d))*	Property Development
Tianjin Tianfu Rongsheng *	PRC	Paid up capital RMB615,380,000	**35%**	35% *(Note(d))*	Property Development
Guangdong Hongtaiguotong *	PRC	Paid up capital RMB153,850,000	**35%**	35% *(Note(d))*	Property Development
Guangdong Guosha *	PRC	Paid up capital RMB20,410,000	**68%**	68% *(Note(d))*	Property Development
Jiangmen Yinghuiwan *	PRC	Paid up capital RMB337,960,000	**52%**	52% *(Note(d))*	Property Development
Shijiazhuang Guosha *	PRC	Paid up capital RMB102,040,000	**51%**	51% *(Note(d))*	Property Development

* The English name of the companies which were established in the PRC are for reference only and have not been registered.

^ These companies are wholly foreign owned enterprises established in the PRC. All other entities established in the PRC are limited liability companies.

53. PRINCIPAL SUBSIDIARIES (Continued)

Notes:

(a) Except Garden Group, none of other subsidiaries had issued any debt securities at the end of each reporting period or at any time during the reporting period.

(b) The subsidiary is newly established during the year ended December 31, 2018.

(c) Garden Group held 80% equity interest in New Beijing Glory, which held 55% equity interest in Foshan Guohua. Therefore, the Company indirectly held 44% equity interest in Foshan Guohua.

(d) These subsidiaries were acquired during the year ended December 31, 2018. Details are set out in note 44. Upon completion of the capital contribution, the Group held 35% equity interests of Guangdong Hongtaiguotong, Tianjin Tianfurongsheng, Sanya Jingheng and Handan Guoxia. According to the articles of association of these entities, the Group has 67% voting rights in the shareholders' meeting and has right to appoint 2 out of 3 directors in the board of directors of these entities. Resolutions in shareholders' meeting of these entities are passed by more than two-thirds voting rights and in the board of directors of these entities are passed by majority votes. Therefore, the Directors concluded that the Group has control over those entities.

(e) All subsidiaries which set out above operate in the PRC.

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. Majority of these subsidiaries operate in the PRC, Hong Kong and British Virgin Islands ("**BVI**"). The principal activities of these subsidiaries are summarized as follows:

Principal activities	Principal place of business	Number of subsidiaries	
		December 31, 2019	December 31, 2018
Property development	PRC	**49**	50
Investment holding	Hong Kong	**11**	11
Investment holding	BVI	**3**	3
		63	64

53. PRINCIPAL SUBSIDIARIES (Continued)

The table below shows details of non-wholly owned subsidiaries of the Company that have material non-controlling interests:

Name of subsidiaries	Place of establishment and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests	Profit (loss) allocated to non-controlling interests *RMB'000*	Accumulated non-controlling interests *RMB'000*
At December 31, 2019				
Glory Industrial	PRC	9%	2,606	167,147
Original Beijing Glory	PRC	20%	116,118	1,514,132
Shenzhen Dachaoshan	PRC	15%	(380)	152,760
New Beijing Glory (excluding non-controlling interests of New Beijing Glory's subsidiaries) *(Note)*	PRC	20%	119,276	378,940
Non-wholly owned subsidiaries of New Beijing Glory				
– Foshan Guohua	PRC	45%	62,310	82,392
– Qidong Yujiangwan	PRC	10%	(2,948)	180,759
– Individual immaterial subsidiaries with non-controlling interests	PRC		(292)	5,006
Guangdong Hongtaiguotong	PRC	65%	79,837	1,143,801
Shijiazhuang Guosha	PRC	49%	(16,326)	422,020
Chongqing Guosha	PRC	49%	78,951	198,247
Handan Guoxia	PRC	65%	3,544	246,798
Sanya Jingheng	PRC	65%	(10,193)	688,989
Jiangmen Yinghuiwan	PRC	48%	(3,962)	221,686
Tianjin Tianfurongsheng	PRC	65%	(10,656)	445,184
Guangdong Guosha	PRC	32%	(1,580)	39,188
Total			416,305	5,887,049

53. PRINCIPAL SUBSIDIARIES (Continued)

The table below shows details of non-wholly owned subsidiaries of the Company that have material non-controlling interests: (Continued)

Name of subsidiaries	Place of establishment and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests	Profit (loss) allocated to non-controlling interests *RMB'000*	Accumulated non-controlling interests *RMB'000*
At December 31, 2018				
Glory Industrial	PRC	9%	808	164,541
Original Beijing Glory	PRC	20%	127,295	1,422,014
Shenzhen Dachaoshan	PRC	15%	(733)	153,140
New Beijing Glory (excluding non-controlling interests of New Beijing Glory's subsidiaries) *(Note)*	PRC	20%	96,423	309,064
Non-wholly owned subsidiaries of New Beijing Glory				
– Foshan Guohua	PRC	45%	76,619	74,082
– Qidong Yujiangwan	PRC	10%	(3,440)	183,707
– Individual immaterial subsidiaries with non-controlling interests	PRC		(106)	9,849
Guangdong Hongtaiguotong	PRC	65%	269,007	1,063,964
Shijiazhuang Guosha	PRC	49%	(719)	438,346
Chongqing Guosha	PRC	49%	19,344	119,296
Handan Guoxia	PRC	65%	(3,561)	243,254
Sanya Jingheng	PRC	65%	(8,752)	699,182
Jiangmen Yinghuiwan	PRC	48%	(4,470)	225,648
Tianjin Tianfurongsheng	PRC	65%	(9,415)	455,840
Guangdong Guosha	PRC	32%	(285)	40,768
Total			558,015	5,602,695

Note: The summarized financial information disclosed below comprised of the financial information of New Beijing Glory and its wholly-owned subsidiaries.

Summarized financial information in respect of each of the Group's subsidiaries that has material non-controlling interest is set out below. The summarized financial information below represents amounts before intragroup eliminations.

53. PRINCIPAL SUBSIDIARIES (Continued)

Glory Industrial

	At December 31,	
	2019	2018
	RMB'000	*RMB'000*
Current assets	**4,008,548**	3,943,709
Non-current assets	**1,081,174**	1,252,074
Current liabilities	**(2,653,972)**	(2,744,593)
Non-current liabilities	**(578,560)**	(622,958)
Equity attributable to owners of the Company	**1,690,043**	1,663,691
Non-controlling interests of Glory Industrial	**167,147**	164,541

	Year ended December 31,	
	2019	2018
	RMB'000	*RMB'000*
Revenue	**71,886**	39,492
Gain on fair value change of investment properties	**18,200**	14,900
Cost of sales and service and expenses	**(64,049)**	(38,219)
Profit for the year	**26,037**	16,173
Other comprehensive income for the year	**2,920**	(7,195)
Profit and total comprehensive income for the year	**28,957**	8,978
Profit and total comprehensive income attributable to:		
– the owners of the Company	**26,351**	8,170
– non-controlling interests of Glory Industrial	**2,606**	808
	28,957	8,978
Net cash inflow from operating activities	**90,100**	268,148
Net cash inflow from investing activities	**49**	49
Net cash outflow from financing activities	**(96,664)**	(252,655)
Net cash (outflow) inflow from the above activities	**(6,515)**	15,542

53. PRINCIPAL SUBSIDIARIES (Continued)

Original Beijing Glory

	At December 31,	
	2019	2018
	RMB'000	*RMB'000*
Current assets	**17,935,087**	21,557,659
Non-current assets	**15,208,462**	15,006,299
Current liabilities	**(17,020,517)**	(18,956,952)
Non-current liabilities	**(8,552,375)**	(10,496,937)
Equity attributable to owners of the Company	**6,056,525**	5,688,055
Non-controlling interests of Original Beijing Glory	**1,514,132**	1,422,014

	Year ended December 31,	
	2019	2018
	RMB'000	*RMB'000*
Revenue	**2,980,325**	630,178
Gain on fair value change of investment properties	**490,000**	637,637
Cost of sales and expenses	**(2,889,737)**	(631,342)
Profit for the year and total comprehensive income for the year	**580,588**	636,473
Total comprehensive income attributable to:		
– the owners of the Company	**464,470**	509,178
– non-controlling interests of Original Beijing Glory	**116,118**	127,295
	580,588	636,473
Dividend paid to non-controlling interests	**(24,000)**	–
Net cash inflow (outflow) from operating activities	**1,320,738**	(1,792,828)
Net cash inflow from investing activities	**273,848**	58,238
Net cash (outflow) inflow from financing activities	**(1,866,955)**	1,427,248
Net cash outflow from the above activities	**(272,369)**	(307,342)

53. PRINCIPAL SUBSIDIARIES (Continued)

Shenzhen Dachaoshan

	At December 31,	
	2019	2018
	RMB'000	*RMB'000*
Current assets	**73,115**	74,336
Non-current assets	**1,227,790**	1,069,638
Current liabilities	**(442,416)**	(291,686)
Equity attributable to owners of the Company	**705,729**	699,148
Non-controlling interests of Shenzhen Dachaoshan	**152,760**	153,140

	Year ended December 31,	
	2019	2018
	RMB'000	*RMB'000*
Revenue	**–**	(2)
Cost of sales and expenses	**(2,534)**	(3,385)
Loss and total comprehensive expense for the year	**(2,534)**	(3,387)
Total comprehensive expense attributable to:		
– the owners of the Company	**(2,154)**	(2,654)
– non-controlling interests of Shenzhen Dachaoshan	**(380)**	(733)
	(2,534)	(3,387)
Net cash outflow from operating activities	**(151,560)**	(26,019)
Net cash outflow from investing activities	**(31)**	(8)
Net cash inflow from financing activities	**151,602**	25,994
Net cash inflow (outflow) from the above activities	**11**	(33)

53. PRINCIPAL SUBSIDIARIES (Continued)

New Beijing Glory and subsidiaries

	At December 31,	
	2019	2018
	RMB'000	*RMB'000*
Current assets	**39,783,902**	36,565,497
Non-current assets	**4,961,183**	3,653,515
Current liabilities	**(36,928,560)**	(34,844,226)
Non-current liabilities	**(5,653,668)**	(3,561,828)
Equity attributable to owners of the Company	**1,515,760**	1,236,256
Non-controlling interests of New Beijing Glory	**378,940**	309,064
Non-controlling interests of New Beijing Glory's subsidiaries	**268,157**	267,638

	Year ended December 31,	
	2019	2018
	RMB'000	*RMB'000*
Revenue	**2,844,366**	3,442,777
Gain on fair value change of investment properties	**490,268**	207,072
Cost of sales and expense	**(2,679,184)**	(3,094,662)
Profit and total comprehensive income for the year	**655,450**	555,187
Profit and total comprehensive income attributable to:		
– the owners of the Company	**477,104**	385,691
– non-controlling interests of New Beijing Glory	**119,276**	96,423
– non-controlling interests of New Beijing Glory's subsidiaries	**59,070**	73,073
	655,450	555,187
Dividend paid to non-controlling interests of New Beijing Glory	**(49,400)**	(135,000)
Net cash inflow from operating activities	**2,052,709**	8,739,925
Net cash (outflow) inflow from investing activities	**(408,252)**	183,840
Net cash outflow from financing activities	**(2,043,828)**	(9,403,740)
Net cash outflow from the above activities	**(399,371)**	(479,975)

53. PRINCIPAL SUBSIDIARIES (Continued)

Foshan Guohua (non-wholly owned subsidiary of New Beijing Glory)

	At December 31,	
	2019	2018
	RMB'000	*RMB'000*
Current assets	**3,294,529**	4,538,630
Non-current assets	**41,135**	25,861
Current liabilities	**(2,765,635)**	(3,149,864)
Non-current liabilities	**(386,937)**	(1,250,000)
Equity attributable to owners of New Beijing Glory	**100,700**	90,545
Non-controlling interests of Foshan Guohua	**82,392**	74,082

	Year ended December 31,	
	2019	2018
	RMB'000	*RMB'000*
Revenue	**509,066**	592,691
Cost of sales and service and expenses	**(370,601)**	(422,426)
Profit and total comprehensive income for the year	**138,465**	170,265
Profit and total comprehensive income attributable to:		
– the owners of New Beijing Glory	**76,155**	93,646
– non-controlling interests of Foshan Guohua	**62,310**	76,619
	138,466	170,265
Dividend paid to non-controlling interests of Foshan Guohua	**(54,000)**	(135,000)
Net cash inflow from operating activities	**518,671**	110,731
Net cash inflow from investing activities	**346**	375
Net cash outflow from financing activities	**(466,629)**	(171,731)
Net cash inflow (outflow) from the above activities	**52,388**	(60,625)

53. PRINCIPAL SUBSIDIARIES (Continued)

Qidong Yujiangwan (non-wholly owned subsidiary of New Beijing Glory)

	At December 31,	
	2019 *RMB'000*	2018 *RMB'000*
Current assets	**5,608,792**	4,476,752
Non-current assets	**57,416**	47,820
Current liabilities	**(4,135,193)**	(2,922,118)
Non-current liabilities	**(564,543)**	(606,500)
Equity attributable to owners of New Beijing Glory	**785,713**	812,247
Non-controlling interests of Qidong Yujiangwan	**180,759**	183,707

	Year ended December 31,	
	2019 *RMB'000*	2018 *RMB'000*
Cost of sales and service and expenses	**(29,482)**	(34,401)
Loss and total comprehensive expense for the year	**(29,482)**	(34,401)
Loss and total comprehensive expense attributable to:		
– the owners of the Company	**(26,534)**	(30,961)
– non-controlling interests of Qidong Yujiangwan	**(2,948)**	(3,440)
	(29,482)	(34,401)
Net cash inflow from operating activities	**374,169**	1,834,947
Net cash outflow from investing activities	**(208)**	(16)
Net cash outflow from financing activities	**(381,388)**	(1,853,883)
Net cash outflow from the above activities	**(7,427)**	(18,952)

53. PRINCIPAL SUBSIDIARIES (Continued)

Guangdong Hongtaiguotong

	At December 31,	
	2019	2018
	RMB'000	*RMB'000*
Current assets	**4,658,950**	4,171,010
Non-current assets	**31,195**	25,285
Current liabilities	**(2,135,192)**	(1,864,218)
Non-current liabilities	**(795,259)**	(695,209)
Equity attributable to owners of the Company	**615,893**	572,904
Non-controlling interests of Guangdong Hongtaiguotong	**1,143,801**	1,063,964

	Year ended December 31, 2019	Period from acquisition date to December 31, 2018
	RMB'000	*RMB'000*
Revenue	**503,620**	1,593,627
Cost of sales and service and expenses	**(380,794)**	(1,179,770)
Profit and total comprehensive income for the period	**122,826**	413,857
Profit and total comprehensive income attributable to:		
– the owners of the Company	**42,989**	144,850
– non-controlling interests of Guangdong Hongtaiguotong	**79,837**	269,007
Net cash inflow (outflow) from operating activities	**652,349**	(1,245,547)
Net cash inflow from investing activities	**334**	336
Net cash (outflow) inflow from financing activities	**(738,271)**	1,251,249
Net cash (outflow) inflow from the above activities	**(85,588)**	6,038

53. PRINCIPAL SUBSIDIARIES (Continued)

Shijiazhuang Guosha

	At December 31,	
	2019	2018
	RMB'000	*RMB'000*
Current assets	**2,892,710**	2,302,377
Non-current assets	**589,097**	334,531
Current liabilities	**(2,122,841)**	(1,584,624)
Non-current liabilities	**(497,701)**	(157,701)
Equity attributable to owners of the Company	**439,245**	456,237
Non-controlling interests of Shijiazhuang Guosha	**422,020**	438,346

	Year ended December 31, 2019 ***RMB'000***	Period from acquisition date to December 31, 2018 *RMB'000*
Cost of sales and service and expenses	**(33,318)**	(1,468)
Loss and total comprehensive expense for the period	**(33,318)**	(1,468)
Loss and total comprehensive expense attributable to:		
– the owners of the Company	**(16,992)**	(749)
– non-controlling interests of Shijiazhuang Guosha	**(16,326)**	(719)
Net cash inflow (outflow) from operating activities	**254,163**	(366,282)
Net cash (outflow) inflow from investing activities	**(702)**	28
Net cash (outflow) inflow from financing activities	**(28,448)**	343,409
Net cash inflow (outflow) from the above activities	**225,013**	(22,845)

53. PRINCIPAL SUBSIDIARIES (Continued)

Chongqing Guosha

	At December 31, 2019 RMB'000	At December 31, 2018 RMB'000
Current assets	**1,046,424**	1,407,876
Non-current assets	**229,399**	149,108
Current liabilities	**(837,942)**	(1,262,525)
Non-current liabilities	**(33,295)**	(50,997)
Equity attributable to owners of the Company	**206,339**	124,166
Non-controlling interests of Chongqing Guosha	**198,247**	119,296

	Year ended December 31, 2019 RMB'000	Period from acquisition date to December 31, 2018 RMB'000
Revenue	**733,401**	457,477
Cost of sales and service and expenses	**(572,277)**	(417,999)
Profit and total comprehensive income for the period	**161,124**	39,478
Profit and total comprehensive income attributable to:		
– the owners of the Company	**82,173**	20,134
– non-controlling interests of Chongqing Guosha	**78,951**	19,344
Net cash inflow (outflow) from operating activities	**166,559**	(516,725)
Net cash inflow from investing activities	**943**	229
Net cash (outflow) inflow from financing activities	**(164,273)**	576,573
Net cash inflow from the above activities	**3,229**	60,077

53. PRINCIPAL SUBSIDIARIES (Continued)

Handan Guoxia

	At December 31,	
	2019 **RMB'000**	2018 RMB'000
Current assets	**2,897,183**	1,794,424
Non-current assets	**667,252**	263,390
Current liabilities	**(3,113,657)**	(1,608,917)
Non-current liabilities	**(71,089)**	(74,660)
Equity attributable to owners of the Company	**132,891**	130,983
Non-controlling interests of Handan Guoxia	**246,798**	243,254

	Year ended December 31, 2019 **RMB'000**	Period from acquisition date to December 31, 2018 RMB'000
Gain on fair value change of investment properties	**41,898**	11,182
Cost of sales and service and expenses	**(36,446)**	(16,661)
Profit (loss) and total comprehensive income (expense) for the period	**5,452**	(5,479)
Profit (loss) and total comprehensive income (expense) attributable to:		
– the owners of the Company	**1,908**	(1,918)
– non-controlling interests of Handan Guoxia	**3,544**	(3,561)
Net cash outflow from operating activities	**(355,149)**	(1,398,996)
Net cash inflow from investing activities	**1,954**	1,392
Net cash inflow from financing activities	**467,933**	1,254,333
Net cash inflow (outflow) from the above activities	**114,738**	(143,271)

53. PRINCIPAL SUBSIDIARIES (Continued)

Sanya Jingheng

	At December 31,	
	2019	2018
	RMB'000	*RMB'000*
Current assets	**1,767,106**	1,582,512
Non-current assets	**80,332**	19,604
Current liabilities	**(636,619)**	(380,103)
Non-current liabilities	**(150,836)**	(146,348)
Equity attributable to owners of the Company	**370,994**	376,483
Non-controlling interests of Sanya Jingheng	**688,989**	699,182

	Year ended December 31, 2019	Period from acquisition date to December 31, 2018
	RMB'000	*RMB'000*
Cost of sales and service and expenses	**(15,682)**	(13,465)
Loss and total comprehensive expense for the period	**(15,682)**	(13,465)
Loss and total comprehensive expense attributable to:		
– the owners of the Company	**(5,489)**	(4,713)
– non-controlling interests of Sanya Jingheng	**(10,193)**	(8,752)
Net cash outflow from operating activities	**(5,274)**	(516,967)
Net cash inflow from investing activities	**1,654**	79
Net cash inflow from financing activities	**9,244**	565,080
Net cash inflow from the above activities	**5,624**	48,192

53. PRINCIPAL SUBSIDIARIES (Continued)

Jiangmen Yinghuiwan

	At December 31,	
	2019	2018
	RMB'000	*RMB'000*
Current assets	**1,559,289**	863,058
Non-current assets	**7,938**	3,293
Current liabilities	**(760,943)**	(182,453)
Non-current liabilities	**(344,438)**	(213,798)
Equity attributable to owners of the Company	**240,160**	244,452
Non-controlling interests of Jiangmen Yinghuiwan	**221,686**	225,648

	Year ended December 31, 2019	Period from acquisition date to December 31, 2018
	RMB'000	*RMB'000*
Cost of sales and service and expenses	**(8,255)**	(9,313)
Loss and total comprehensive expense for the period	**(8,255)**	(9,313)
Loss and total comprehensive expense attributable to:		
– the owners of the Company	**(4,293)**	(4,843)
– non-controlling interests of Jiangmen Yinghuiwan	**(3,962)**	(4,470)
Net cash inflow (outflow) from operating activities	**408,855**	(324,873)
Net cash outflow from investing activities	**(101)**	(766)
Net cash (outflow) inflow from financing activities	**(411,871)**	362,810
Net cash (outflow) inflow from the above activities	**(3,117)**	37,171

53. PRINCIPAL SUBSIDIARIES (Continued)

Tianjin Tianfurongsheng

	At December 31,	
	2019	2018
	RMB'000	*RMB'000*
Current assets	**2,783,405**	2,250,653
Non-current assets	**106,867**	88,689
Current liabilities	**(2,097,459)**	(1,525,260)
Non-current liabilities	**(107,914)**	(112,789)
Equity attributable to owners of the Company	**239,715**	245,453
Non-controlling interests of Tianjin Tianfurongsheng	**445,184**	455,840

	Year ended December 31, 2019	Period from acquisition date to December 31, 2018
	RMB'000	*RMB'000*
Revenue	**136,221**	–
Cost of sales and service and expenses	**(152,615)**	(14,485)
Loss and total comprehensive expense for the period	**(16,394)**	(14,485)
Loss and total comprehensive expense attributable to:		
– the owners of the Company	**(5,738)**	(5,070)
– non-controlling interests of Tianjin Tianfurongsheng	**(10,656)**	(9,415)
Net cash inflow (outflow) from operating activities	**426,745**	(546,908)
Net cash inflow from investing activities	**590**	197
Net cash (outflow) inflow from financing activities	**(469,331)**	687,293
Net cash (outflow) inflow from the above activities	**(41,996)**	140,582

53. PRINCIPAL SUBSIDIARIES (Continued)

Guangdong Guosha

	At December 31, 2019 RMB'000	2018 RMB'000
Current assets	**945,128**	347,419
Non-current assets	**8,585**	355
Current liabilities	**(368,603)**	(176,228)
Non-current liabilities	**(462,647)**	(44,147)
Equity attributable to owners of the Company	**83,275**	86,631
Non-controlling interests of Guangdong Guosha	**39,188**	40,768

	Year ended December 31, 2019 RMB'000	Period from acquisition date to December 31, 2018 RMB'000
Cost of sales and service and expenses	**(4,936)**	(892)
Loss and total comprehensive expense for the period	**(4,936)**	(892)
Loss and total comprehensive expense attributable to:		
– the owners of the Company	**(3,356)**	(607)
– non-controlling interests of Guangdong Guosha	**(1,580)**	(285)
Net cash (outflow) inflow from operating activities	**(334,094)**	135,008
Net cash inflow from investing activities	**13**	23
Net cash inflow (outflow) from financing activities	**355,287**	(134,356)
Net cash inflow from the above activities	**21,206**	675

54. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Bank and trust borrowings *RMB'000* *(note 38)*	Corporate bonds *RMB'000* *(note 39)*	Senior notes *RMB'000* *(note 40)*	Amounts due to related parties *RMB'000* *(note 52)*	Lease liability *RMB'000*	Others *RMB'000* *(Note)*	Total *RMB'000*
At January 1, 2018	24,227,064	3,989,651	1,940,948	880,965	–	97,364	31,135,992
Financing activities	(1,896,980)	(2,945,330)	2,185,701	1,126,285	–	(2,279,065)	(3,809,389)
Acquisitions of subsidiaries	968,900	–	–	1,861,140	–	–	2,830,040
Acquisition of an associate	–	–	–	(7,000)	–	–	(7,000)
Acquisition of partial interest in a subsidiary	–	–	–	–	–	12,000	12,000
Interest expenses	–	9,114	37,583	–	–	2,212,852	2,259,549
Exchange difference	–	–	281,551	52,140	–	–	333,691
Dividend declared to owners of the Company	–	–	–	204,189	–	95,811	300,000
Dividend declared to the non-controlling interests	–	–	–	135,000	–	135,000	270,000
At December 31, 2018	**23,298,984**	**1,053,435**	**4,445,783**	**4,252,719**	**–**	**273,962**	**33,324,883**
Adjustment upon application of IFRS 16	**–**	**–**	**–**	**–**	**1,127**	**–**	**1,127**
At January 1, 2019	**23,298,984**	**1,053,435**	**4,445,783**	**4,252,719**	**1,127**	**273,962**	**33,326,010**
Financing activities	**(3,276,104)**	**(543,218)**	**(314,732)**	**760,118**	**(815)**	**(143,623)**	**(3,518,374)**
Acquisition of partial interest in a subsidiary in prior year	**–**	**–**	**–**	**–**		**(12,000)**	**(12,000)**
Acquisition of partial interest in a subsidiary	**–**	**–**	**–**	**–**		**(4,551)**	**(4,551)**
Interest expenses	**2,043,724**	**55,570**	**630,511**	**–**	**208**	**669,122**	**3,399,135**
Exchange difference	**–**	**–**	**49,732**	**–**	**–**	**–**	**49,732**
Dividend declared to owners of the Company	**–**	**–**	**–**	**191,632**		**28,368**	**220,000**
Dividend declared to the non-controlling interests	**–**	**–**	**–**	**73,400**		**54,000**	**127,400**
New leases entered	**–**	**–**	**–**	**–**	**4,054**	**–**	**4,054**
At December 31, 2019	**22,066,604**	**565,787**	**4,811,294**	**5,277,869**	**4,574**	**865,278**	**33,591,406**

Note: Others mainly include interest payables and dividend payable.

55. EVENT AFTER THE REPORTING PERIOD

As the outbreak of novel coronavirus epidemic continues to spread across the global, the Group will continue to closely monitor the development of the novel coronavirus epidemic and ensure a stable operation. At the date of issuance of these consolidated financial statements, the impact of novel coronavirus epidemic on the Group's subsequent operating results is still under assessment.

56. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	At December 31,	
	2019	2018
	RMB'000	*RMB'000*
Non-current Assets		
Unlisted investments in subsidiaries	**914,245**	792,859
Amounts due from subsidiaries	**5,661,327**	6,069,686
	6,575,572	6,862,545
Current Assets		
Trade and other receivables, deposits and prepayments	**401**	612
Amounts due from subsidiaries	**234,000**	–
Bank balances and cash	**1,136**	1,147
	235,537	1,759
Current Liabilities		
Trade and other payables	**110**	100,544
Senior notes	**1,734,974**	3,768,364
Amounts due to subsidiaries	**156,512**	216,723
Amount due to a related party	**717,242**	1,225,142
	2,608,838	5,310,773
Net Current Liabilities	**(2,373,301)**	(5,309,014)
Total Assets less Current Liabilities	**4,202,271**	1,553,531
Non-current Liability		
Senior notes	**3,076,320**	677,419
	3,076,320	677,419
Net Assets	**1,125,951**	876,112
Capital and Reserves		
Share capital	**3,520**	3,520
Reserves	**1,122,431**	872,592
Total Equity	**1,125,951**	876,112

56. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

Movement in the Company's reserves

	Share premium *RMB'000*	Capital reserve *RMB'000*	Share-based payment reserve *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*
At January 1, 2018	306,015	56,242	39,669	187,437	589,363
Profit and total comprehensive income for the year	–	–	–	581,988	581,988
Dividend declared to owners of the Company	(300,000)	–	–	–	(300,000)
Exercise of share options	2,012	–	(771)	–	1,241
At December 31, 2018	8,027	56,242	38,898	769,425	872,592
Profit and total comprehensive income for the year	–	–	–	469,839	469,839
Dividend declared to owners of the Company	–	–	–	(220,000)	(220,000)
Lapse of share options	–	–	(3,158)	3,158	–
At December 31, 2019	8,027	56,242	35,740	1,022,422	1,122,431

Five-Year Financial Summary

	For the year ended December 31, *(RMB million)*				
	2019	2018	2017	2016	2015
Revenue	**8,093**	6,612	6,787	8,035	6,514
Gross profit	**2,139**	2,599	3,169	3,118	2,679
Profit before tax	**2,046**	2,697	3,567	3,230	2,700
Profit for the year attributable to	**1,220**	1,569	2,040	1,956	1,583
– attributable to owners of the Company	**860**	1,009	1,750	1,563	1,261
– attributable to non-controlling interests	**360**	560	290	393	322
Earnings per share attributable to ordinary equity holders of the Company, in Renminbi cents:					
– Basic	**19.34**	22.70	39.46	35.38	28.62
– Diluted	**19.33**	22.60	39.20	35.04	28.28

	At December 31, *(RMB million)*				
	2019	2018	2017	2016	2015
Total assets	**82,166**	75,680	58,544	44,718	35,227
– Non-current assets	**28,042**	25,817	22,990	18,545	15,669
– Current assets	**54,124**	49,863	35,554	26,173	19,558
Total Liabilities	**63,538**	57,849	44,952	32,907	25,299
– Non-current liabilities	**23,376**	18,940	18,054	19,200	13,525
– Current liabilities	**40,162**	38,910	26,898	13,707	11,774
Total equity	**18,629**	17,831	13,592	11,811	9,928
– equity attributable to equity owners of the Company	**12,545**	11,903	10,902	9,484	8,119
– equity attributable to non-controlling interests	**6,084**	5,928	2,690	2,327	1,809

GLORY 国瑞

GUORUI PROPERTIES LIMITED

國瑞置業有限公司