LOGAN
PROPERTY

ANNUAL REPORT 2019

LOGAN PROPERTY
Holdings Company Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3380)

Contents

Nanning — Logan Century

Foshan — TianYao

Shenzhen — Logan Carat Complex

Company Profile

Logan Property Holdings Company Limited ("Logan Property", the "Company") is an integrated property developer extensively focusing on the residential property market in the Guangdong-Hong Kong-Macao Greater Bay Area in the PRC. The Group's products are mainly tailored to first home purchasers and home improvement purchasers. As at 31 December 2019, the Company and its subsidiaries (the "Group") acquired land bank in a total value of RMB832 billion in the open market, through mergers and acquisitions and urban renewal projects. Over 80% of the land bank, which are located in the Guangdong-Hong Kong-Macao Greater Bay Area, represent a total value of RMB685 billion and therefore safeguard a healthy and stable growth in our future sales and profits. The Group has been selected for the ten consecutive year in China's top 100 Real Estate Companies organized by the State Council Development Research Center Enterprise Research Institute, the Real Estate Institute of Tsinghua University and the China Index Research Institute. The Company's ranking increased from 23rd in 2019 to 22nd in 2020. The Company also ranked No. 3 in the "Top 100 Chinese Real Estate Enterprises in 2020 — Top 10 by Profitability".

Logan Property's healthy financial position and overall strengths are highly recognized by both domestic and overseas rating agencies. The Group is rated "BB", "BB" and "Ba3" in ratings by international authoritative agencies including Standard & Poor's, Fitch and Moody's, respectively. To be more specific, Standard & Poor's and Fitch upgraded the rating of Logan Property from "BB-" to "BB", while Moody's had revised rating outlook from "stable" to "positive". A wholly-owned subsidiary of the Company, Shenzhen Logan Holdings Co., Ltd. is continuously rated "AAA" in credit ratings by renowned domestic rating agencies namely China Cheng Xin Securities Rating Co., Ltd. and United Credit Rating Co., Ltd..

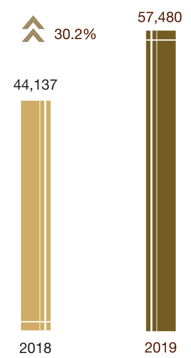
During the year under review, the Group continued to gain high recognition from the industry and capital market based on its forward-looking long-term strategy and professional manager mechanism of co-creating value. Recently the Group was promoted as a constituent stock in the Hang Seng Composite Large Cap Index, demonstrating the Company's industry leadership and sustainable development. Besides that, Logan Property is currently a constituent stock of Hang Seng Stock Connect Greater Bay Area Composite Index, Hang Seng High Dividend Yield Index, MSCI China All Shares Index and FTSE Shariah Global Equity Index.

FINANCIAL HIGHLIGHTS

Summary of Consolidated Statement of Profit or Loss	Year ended 31 December		
(RMB mn)	**2019**	2018	Change
Revenue	**57,480**	44,137	30.2%
Gross Profit	**18,133**	14,887	21.8%
Gross Profit Margin (%)	**31.5%**	33.7%	(2.2) pt.
Core Profit	**10,314**	7,655	34.7%
Core Profit Margin (%)	**17.9%**	17.3%	0.6 pt.
Net Profit	**11,563**	8,996	28.5%
Profit Attributable to Equity Shareholders of the Company	**11,269**	8,288	36.0%
Earnings Per Share			
— Basic (RMB cents)	**202.24**	147.95	36.7%
— Diluted (RMB cents)	**199.36**	145.69	36.8%
Total Dividend per Share (HK cents)	**83**	75	10.7%
— Interim Dividend per Share (HK cents)	**38**	20	90.0%
— Final Dividend per Share (HK cents)	**45**	40	12.5%
— Special Dividend per Share (HK cents)	**—**	15	(100%)

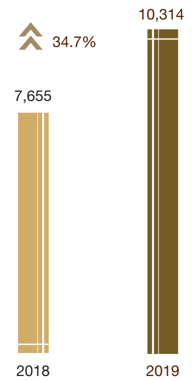
Revenue

(RMB million)



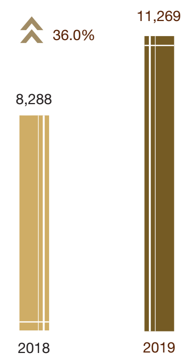
Core Profit

(RMB million)



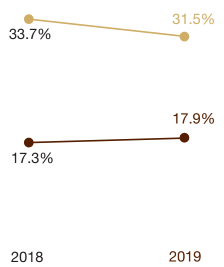
Profit Attributable to Equity Shareholders of the Company

(RMB million)



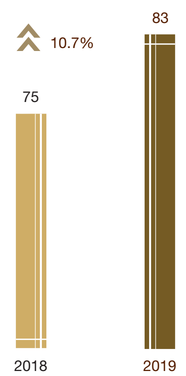
Profitability

- Gross profit margin
- Core profit margin



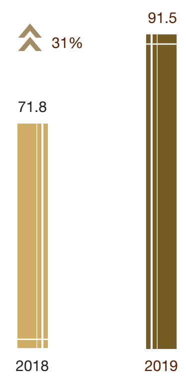
Total Dividend

(HK cents per share)



Attributable Contracted Sales

(RMB billion)



AWARDS

	1.	2.
3.	4.	5.

1. **2019 China Top 100 Real Estate Developer**
   (for 9 consecutive years from 2011 to 2019)
   Presented by the following Organizations:
   The State Council Development Research Center Enterprise Research Institute, the Real Estate Institute of Tsinghua University and the China Index Research Institute

2. **2019 China Mainland Top 10 Real Estate Company Listed in Hong Kong by Investment Value**
   Presented by the following Orgainsations:
   The State Council Development Research Center Enterprise Research Institute, the Real Estate Institute of Tsinghua University and the China Index Research Institute

3. **18th Anniversary (Year 2019) Guangdong Top 20 Creditworthy Real Estate Enterprises**
   (for 17 consecutive years from 2003 to 2019)
   Presented by the following Organization:
   Guangdong Top 20 Creditworthy Real Estate Enterprises Review Committee

4. **2019 China Top 100 Real Estate Developers — Top 10 by Profitability**
   (for 8 consecutive years from 2012 to 2019)
   Presented by the following Organizations:
   The State Council Development Research Center Enterprise Research Institute, the Real Estate Institute of Tsinghua University and the China Index Research Institute

5. **2019 Best 30 of China Real Estate Developers**
   Presented by the following Organization:
   China Real Estate Association, China Real Estate Appraisal

6. 7. 8. 9.

6. PROPERTYGURU ASIA PROPERTY AWARDS (SINGAPORE) — 2019 Best Mega-Scale Condo Development

Presented by the following Organization:
KOHLER

7. PROPERTYGURU ASIA PROPERTY AWARDS (SINGAPORE) — 2019 Best Mega-Scale Condo Architectural Design

Presented by the following Organization:
KOHLER

8. PROPERTYGURU ASIA PROPERTY AWARDS (SINGAPORE) — 2019 Best Mega-Scale Condo Landscape Architectural Design

Presented by the following Organization:
KOHLER

9. PROPERTYGURU ASIA PROPERTY AWARDS (SINGAPORE) — 2019 Best Condo Interior Design

Presented by the following Organization:
KOHLER

Shenzhen • Logan Headquarters Center

Corporate Information

DIRECTORS

Executive Directors

Mr. Kei Hoi Pang (紀海鵬) *(Chairman)*
Mr. Lai Zhuobin (賴卓斌) *(Chief Executive Officer)*
Mr. Xiao Xu (肖旭)
Mr. Wu Jian (吳劍)

Non-executive Director

Ms. Kei Perenna Hoi Ting (紀凱婷)

Independent Non-executive Directors

Mr. Zhang Huaqiao (張化橋)
Ms. Liu Ka Ying, Rebecca (廖家瑩)
Mr. Cai Suisheng (蔡穗聲)

AUDIT COMMITTEE

Ms. Liu Ka Ying, Rebecca *(Chairman)*
Mr. Cai Suisheng
Mr. Zhang Huaqiao

REMUNERATION COMMITTEE

Mr. Zhang Huaqiao *(Chairman)*
Mr. Kei Hoi Pang
Ms. Liu Ka Ying, Rebecca

NOMINATION COMMITTEE

Mr. Kei Hoi Pang *(Chairman)*
Mr. Zhang Huaqiao
Ms. Liu Ka Ying, Rebecca

COMPANY SECRETARY

Ms. Li Yan Wing, Rita

AUTHORIZED REPRESENTATIVES

Ms. Li Yan Wing, Rita
Ms. Kei Perenna Hoi Ting

AUDITOR

Ernst & Young

REGISTERED OFFICE

Cricket Square, Hutchins Drive
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Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Room 2002, Tower B, Logan Century Center
Xinghua Road South
Bao'An District
Shenzhen, China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit Nos. 02–03A, Level 68
International Commerce Centre
1 Austin Road West
Hong Kong

COMPANY'S WEBSITE

http://www.loganproperty.com

PRINCIPAL SHARE REGISTRAR

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

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

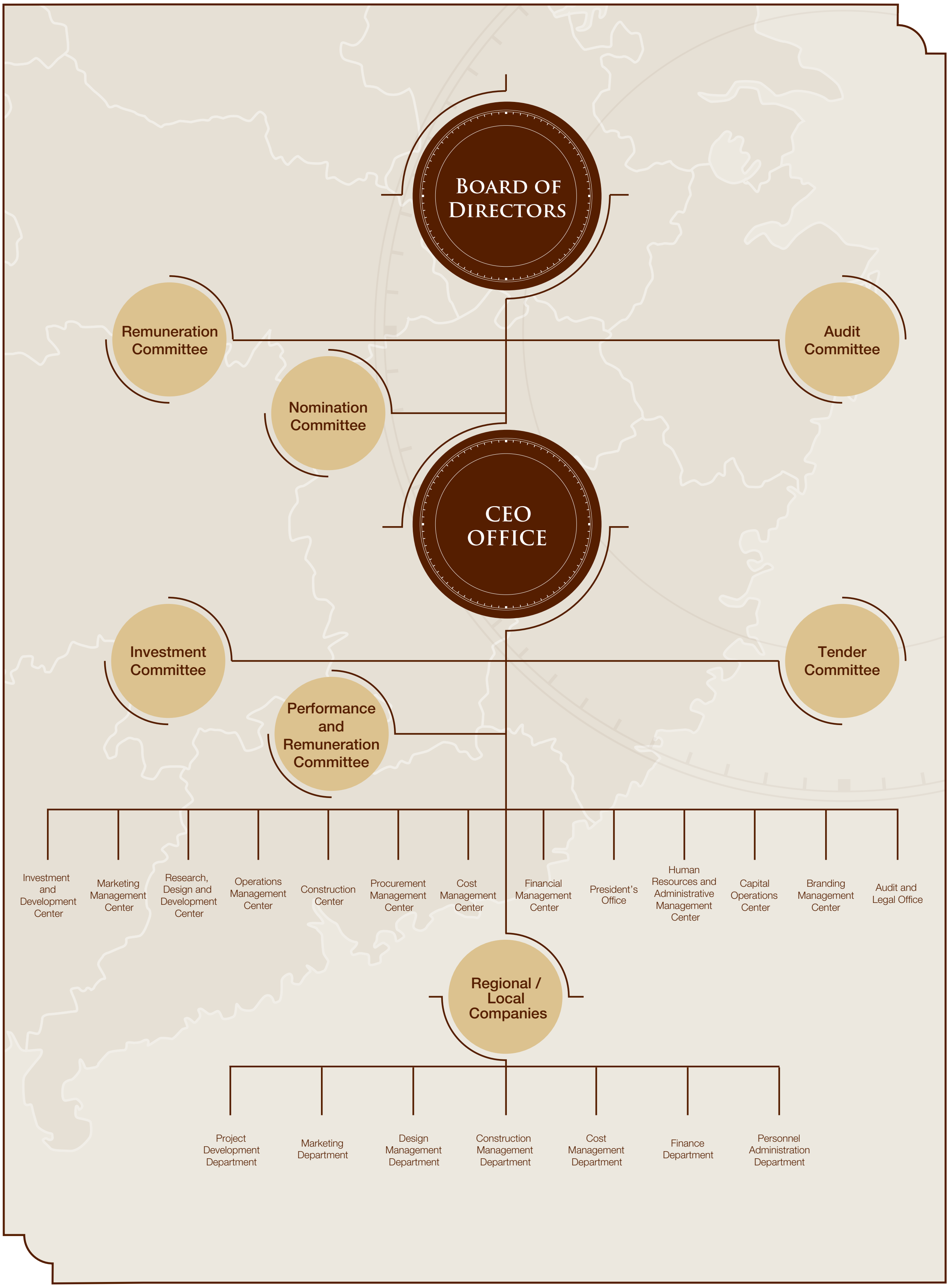
PRINCIPAL BANKER

Industrial and Commercial Bank of China (Asia) Limited

LISTING INFORMATION

The Company's ordinary shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock Code: 3380.HK)

CORPORATE STRUCTURE



CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of the Company (the "Board"), I hereby present the annual results of the Group for the year ended 31 December 2019.

MARKET REVIEW

In 2019, global economic growth slowed down, and trade protectionism launched by the United States added instability to the global economy. In the face of complex international macro environment, the central government of China adheres to the supply side structural reform and economic structural optimization as the main development theme, continues to expand effective demand, as a result China's economy remains stable and positive. In 2019, GDP grew by 6.1% year on year.

In 2019, China real estate market remained stable. According to the data of the National Bureau of Statistics, nationwide real estate development investment reached RMB13,219.4 billion, an increase of 9.9% compared to last year. The sales area of commercial housing in China reached 1,715.58 million square meters, down 0.1% year on year. The sales volume of commercial housing reached RMB15,972.5 billion, up 6.5% year on year.

During the year, the Central Government of China issued "Opinions on Supporting Shenzhen in Building a Leading Demonstration Area of Socialism with Chinese Characteristics", aiming to build Shenzhen into a city of innovation and entrepreneurship with global influence, as well as a global benchmark city with outstanding competitiveness, innovation and influence. As of 31 December 2019, the saleable value of Group's land bank in Shenzhen and adjacent area was about RMB377.5 billion, and the number of subway property projects in Shenzhen has reached 14, with obvious first runner advantage, which will benefit from the economic growth and favorable policy of Shenzhen and the spillover effect of Shenzhen housing demand in the long run.

OVERALL PERFORMANCE

In 2019, the Group achieved attributable contracted sales of approximately RMB91.5 billion, representing an increase of approximately 31% as compared with last year, and achieved 108% of the 2019 annual sales target. The gross floor area of contracted sales amounted to approximately 6.915 million square meters. The Group's revenue amounted to approximately RMB57,480 million, representing an increase of approximately 30.2% as compared with last year. Gross profit amounted to approximately RMB18,133 million, with a gross profit margin of 31.5%. Core profit attributable to owners of the parent amounted to approximately RMB10,020 million, representing an increase of approximately 42.7% as compared with last year. Core profit margin was 17.9%, which was higher than the industry average.

During the period under review, the Group continued to gain high recognition from the industry and capital market based on its forward-looking long-term strategy and professional manager mechanism of co-creating value. During the period, the Group was promoted as a constituent stock in the Hang Seng Composite Large Cap Index, demonstrating the company's industry leadership and sustainable development. In terms of brand building and corporate awards, the Group has been selected for the ten consecutive year in China's top 100 Real Estate Companies organized by the State Council Development Research Center Enterprise Research Institute, the Real Estate Institute of Tsinghua University and the China Index Research Institute. The Company's ranking increased from 23rd in 2019 to 22nd in 2020. The company also ranked No. 3 in the "Top 100 Chinese Real Estate Enterprises in 2020 — Top 10 in Profitability". In addition, Logan Property has been listed in the "Top 20 Real Estate Companies with Strongest Credit Capacity in Guangdong" for 17 consecutive years, and ranked 957 in Forbes' "Top 2000 Listed Companies in the World", leaping 430 places from 2018. Logan Property also ranked in Forbes' Global 2000: Growth Champions List. During the period, Logan Property was once again selected into the Fortune China 500 List, ranking 202nd, which is 64 places higher than that in 2018.

Logan Property is also highly recognized by the capital market and has been highly recommended by a number of renowned global investment banks such as Citibank, UBS, CICC, Nomura, Huatai Securities, CCBI, BOCOM International. Meanwhile, its healthy financial position and overall strengths were recognized by both domestic and overseas rating agencies. Currently, the Company is a constituent stock of Hang Seng Composite Large Cap Index, Hang Seng Stock Connect Greater Bay Area Composite Index, Hang Seng High Dividend Yield Index, MSCI China All Shares Index and FTSE Shariah Global Equity Index. The Group is rated "BB", "BB" and "Ba3" in ratings by international authoritative agencies including Standard & Poor's, Fitch and Moody's, respectively. To be more specific, Standard & Poor's and Fitch upgraded the rating of the Company from "BB-" to "BB", while Moody's had revised rating outlook from "stable" to "positive". A wholly-owned subsidiary of the Company, Shenzhen Logan Holdings Co., Ltd. is rated "AAA" in credit ratings by renowned domestic rating agencies namely China Cheng Xin Securities Rating Co., Ltd. and United Credit Rating Co., Ltd.

BUSINESS REVIEW

Overall review

During the 12 months ended 31 December 2019, the urban renewal business contributed to revenue of approximately RMB4.9 billion, becoming the Group's new earnings growth driver. The Group has a professional urban renewal team, which has been focusing on the Greater Bay Area for 17 years. Being well versed in resources and channels of local business districts in the Greater Bay Area, we have an extensive understanding of local policies, as well as urban planning for industries and populations in the Greater Bay Area. Thus, our professional team enjoys significant competitive advantages in the urban renewal business. The Group's urban renewal business currently covers 10 cities with a total land value of more than RMB400 billion, 95% of which is located in the Greater Bay Area. Given the abundant valuable land resources, the Group enjoys a first mover advantage.

The Group has abundant urban renewal projects with estimated saleable value of approximately RMB289 billion in several cities, including Shenzhen, Huizhou, Dongguan and Zhuhai. Those projects have high quality, short incubation period, and a good track record with clear earnings visibility. In 2019, three projects were incubated: Shenzhen Shekou Free Trade Zone, Huizhou Daya Bay and Shenzhen Qiaocheng East, respectively, with a total saleable value of about RMB70 billion.

The Group has always believed that a stable and prudent capital structure will build a solid foundation for its long term sustainable development. In 2019, the Company successfully issued senior notes with an aggregate principal amount of US$850 million, at an average coupon rate of 7.03%. Shenzhen Logan Holdings Co., Ltd., a wholly-owned subsidiary of the Company, issued domestic corporate bonds with principal amount of RMB5.01 billion at an average coupon rate of 5.58% per annum. As at 31 December 2019, the Group had cash and bank balances (including restricted and pledged deposits) of approximately RMB40.7 billion, with a net debt gearing ratio of 67.4% (As at 31 December 2018: 63.2%), the average weighted borrowing interest rate was 6.1%. In the future, the Group will continue to explore and diversify its financing channels to ensure sustainable and steady development.

PROSPECTS

China Central Government proposes to adhere to city-specific property policies, enhance the balance of supply and demand, and accelerate the establishment of a long-term mechanism to promote the steady and healthy development of the real estate market. It is expected that China's real estate market will maintain stable development, the industry concentration will further increase, and the population and industry will continually concentrate in China's metropolitan areas. Based on high-quality land bank, standardized product lines and proven cross-regional execution, the Group will continue to expand market share in the Greater Bay Area, the Yangtze River Delta Region metropolitan area and southwest China city-cluster.

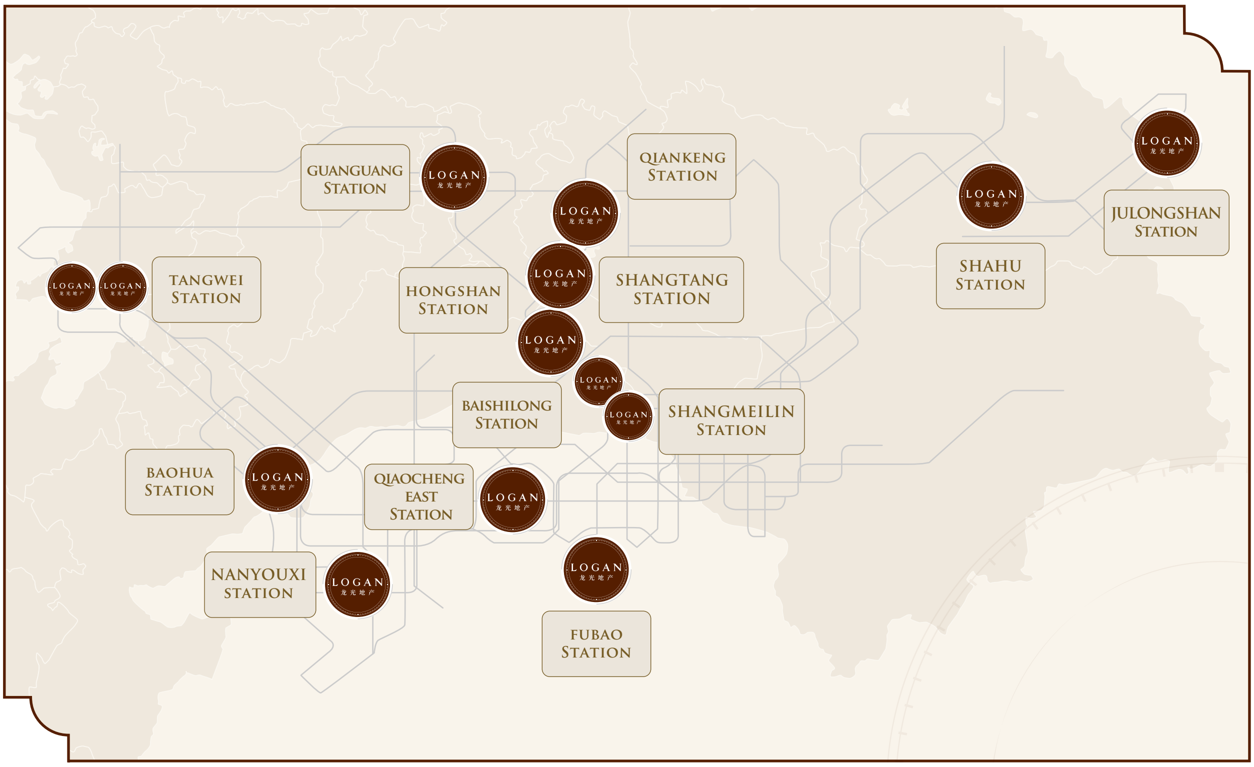
Given the accelerating market share concentration trend in the property industry, more merger and acquisition opportunities will arise in the property market in China. By utilizing its extensive operation experience in the real estate industry in China, the Group will actively seize opportunities of land acquisitions in the future, seek more mergers and acquisitions targets, and increase the Group's premium land bank through multiple channels, thereby locking in more high-return projects at the lowest cost. The Group will also accelerate sales cycle and strive to enhance the overall product competitiveness of different projects. The Group will continue to uphold the tenet that "quality builds a brand" and incessantly strengthen its market competitiveness and penetration, so as to become a national developer with leading comprehensive strength.

ACKNOWLEDGEMENTS

On behalf of the Board, I express my heartfelt gratitude to all our shareholders, investors, partners, customers, and the community for their support and trust. In the future, the Company will ensure transparency, health and justice, continue to strive for sustainable and high-quality growth.

Kei Hoi Pang
Chairman
Hong Kong
27 March 2020

Management Discussion and Analysis



Performance Highlights

	2019 RMB'000	2018 RMB'000	Changes per year %
Revenue	**57,480,418**	44,136,908	30.2%
Among which: Sales of properties			
— Income from properties delivered	**40,920,840**	38,804,378	5.5%
— GFA[1] of properties delivered (sq.m.)	**3,275,867**	1,862,470	75.9%
— ASP[1] of properties delivered (RMB/sq.m.)	**13,300**	21,901	–39.3%
Property leasing	**127,517**	83,146	53.4%
Construction and decoration income	**11,532,061**	4,182,130	175.7%
Primary land development	**4,900,000**	1,067,254	359.1%
Gross profit	**18,132,981**	14,886,893	21.8%
Profit for the year			
— Attributable to equity shareholders	**11,269,044**	8,288,398	36.0%
— Attributable to non-controlling shareholders	**294,214**	707,508	–58.4%
— Total	**11,563,258**	8,995,906	28.5%
Core profit[(1)]			
— Attributable to equity shareholders	**10,020,235**	7,022,962	42.7%
— Attributable to non-controlling shareholders	**293,792**	631,731	–53.5%
— Total	**10,314,027**	7,654,693	34.7%
Total assets	**206,010,125**	170,094,677	21.1%

	2019 RMB'000	2018 RMB'000	Changes per year %
Cash and bank balances	**40,705,113**	35,717,151	14.0%
Total bank and other borrowings[2]	**69,677,556**	58,941,178	18.2%
Total equity	**42,994,019**	36,745,786	17.0%
Total equity attributable to equity shareholders	**34,194,417**	29,248,806	16.9%
Key financial ratios			
Gross profit margin(2)	**31.5%**	33.7%	
Core profit margin(3)	**17.9%**	17.3%	
Net debt-to-equity ratio(4)	**67.4%**	63.2%	
Liability to asset ratio(5)	**79.1%**	78.4%	

Notes: 1. Excluding the car parking portion
2. Including bank and other loans, senior notes and corporate bonds

(1) Core profit: net profit excluding changes in fair value of investment properties and derivatives financial instruments and relevant deferred tax and share of changes in fair value of investment properties at an associate.
(2) Gross profit margin: Gross profit ÷ Revenue × 100%
(3) Core profit margin: Core profit ÷ Revenue × 100%
(4) Net debt-to-equity ratio: (Total bank and other borrowings — Cash and bank balances) ÷ total equity × 100%
(5) Liability to asset ratio: Total liabilities ÷ Total assets × 100%

SHENZHEN GUANGMING DISTRICT
ACESITE PARK

PROJECT DESCRIPTION

Site Area

152,000 sq.m.

Total GFA

760,000 sq.m.

Project value:

At the top of the dual metro lines (Lines No. 6 & 13 are under construction) at Guanguang Station

HUIZHOU DISTRICT
LOGAN CITY

PROJECT DESCRIPTION

Site Area

1,700,000 sq.m.

Total GFA

5,280,000 sq.m.

Project Value:

1 Logan's biggest flagship project

2 Adjacent to Shenzhen and near the metro station under planning. Various choices of transportation connecting Logan City and Shenzhen CBD

Property Development

Contracted sales

In 2019, the Group continued to utilize its market advantages in the Guangdong-Hong Kong-Macao Greater Bay Area ("Greater Bay Area") and achieved satisfactory sales performance. For the year ended 31 December 2019, the Group attained contracted sales of approximately RMB96,022.1 million, representing an increase of approximately 33.7% as compared with year 2018. For the contracted sales in 2019, Shenzhen region, other regions of Greater Bay Area, Nanning region, Shantou region, Yangtze River Delta region, Singapore and other regions accounted for approximately 12.4%, 43.9%, 25.1%, 7.4%, 3.1%, 6.6% and 1.5%, respectively. The contracted sales were mainly generated from Greater Bay Area and Nanning region. For Shenzhen region, the sales were mainly generated from Logan • Carat Complex (龍光•玖鑽) erected on the Hongshan subway station at the Shenzhen's subway line 4, Logan • Acesite Park (龍光•玖龍台) in Shenzhen Guangming New District. The sales from Nanning region were mainly contributed by projects, namely Nanning • Glory Lake (南寧•玖譽湖) and Nanning • Glory City (南寧•玖譽城). In 2020, Shenzhen Logan • Acescene Park (龍光•玖悦台) and Huizhou Logan City (龍光城) will continue to be launched for sale.

It is expected that such projects will bring an encouraging sales performance to the Group. Since the land cost of such project lands is relatively low, the selling prices are in line with the Group's expectation, therefore bringing significant revenue to the Group in the future.

	Contracted sales in 2019				
Region	**Amount** (RMB million)	**Percentage**	**Total GFA**[1] (sq.m.)	**Percentage**	**ASP**[1] (RMB/sq.m.)
Shenzhen region	11,891	12.4%	221,441	3.2%	53,697
Other regions of Greater Bay Area[2]	42,135	43.9%	3,115,845	45.1%	13,355
Nanning region	24,067	25.1%	2,476,615	35.8%	9,432
Shantou region	7,071	7.4%	708,679	10.2%	9,399
Yangtze River region	3,033	3.1%	142,782	2.1%	18,716
Singapore	6,350	6.6%	72,500	1.0%	87,584
Other regions	1,475	1.5%	177,119	2.6%	9,796
Total	96,022	100.0%	6,914,981	100.0%	13,635

1. Excluding car parking spaces

2. Excluding Shenzhen region

Newly commenced projects

For the year ended 31 December 2019, the Group commenced construction of a total of 66 projects or new project phases with a total planned GFA of approximately 12.2 million sq.m..

Completed projects

For the year ended 31 December 2019, the Group completed 29 projects or project phases with a total planned GFA of approximately 6.1 million sq.m..

Developing projects

As at 31 December 2019, the Group had a total of 98 projects or project phases under construction with a total planned GFA of approximately 21.4 million sq.m..

Land Reserves

For the year ended 31 December 2019, the Group acquired 31 new projects through public tendering, auction and listing with GFA of 5,742,035 sq.m..

List of newly acquired projects through public tendering, auction and listing in 2019

Region	Site area (sq.m.)	GFA (sq.m.)
Shenzhen	32,667	148,300
Foshan	198,164	511,584
Zhuhai	173,103	405,361
Zhongshan	36,834	74,179
Guangzhou	50,198	160,276
Jiangmen	78,358	165,876
Subtotal of Guangdong-Hong Kong-Macao Greater Bay Area	569,324	1,465,576
Southwest Region	1,018,777	3,394,792
Yangtze River Delta Region	252,723	670,634
Other Regions	36,804	211,033
Total	1,877,628	5,742,035

As at 31 December 2019, the average cost of land reserves was RMB4,081 per sq.m., in which Guangdong-Hong Kong-Macao Greater Bay Area accounted for approximately 71% of land reserve in terms of saleable value.

Land reserves as at 31 December 2019

	GFA (sq.m.)	Percentage
Shenzhen	1,144,603	3.1%
Huizhou/Dongguan	7,429,963	20.3%
Guangzhou/Foshan/Zhaoqing	6,878,711	18.8%
Zhuhai/Zhongshan	3,517,398	9.6%
Hong Kong	41,805	0.1%
Heyuan/Yangjiang/Qingyuan/Jiangmen	3,344,894	9.1%
Subtotal of Guangdong-Hong Kong-Macao Greater Bay Area	22,357,374	61.0%
Southwest Region	9,141,929	24.9%
Yangtze River Delta Region	811,690	2.2%
Singapore	147,334	0.4%
Other Regions	4,215,694	11.5%
Total	36,674,021	100.0%
Land cost (RMB per sq.m.)	4,081	

Saleable Resources in 2020

In 2020, the amount of the attributable saleable value of the group to be launched is expected to reach approximately RMB180 billion, in which Greater Bay Area is estimated to account for 60% with the amount of RMB108 billion.

(I) Revenue

Total revenue of the Group for the year ended 31 December 2019 increased to RMB57,480.4 million by approximately RMB13,343.5 million, or approximately 30.2%, as compared with 2018. Revenue from sales of properties, income from the property leasing business, income from the construction and decoration business and income from primary land development for the year ended 31 December 2019 amounted to approximately RMB40,920.8 million, RMB127.5 million, RMB11,532.1 million and RMB4,900.0 million respectively (2018: approximately RMB38,804.4 million, RMB83.1 million and RMB4,182.1 million and RMB1,067.3 million, respectively).

Revenue from sale of properties

During the year ended 31 December 2019, revenue from sale of properties amounted to approximately RMB40,920.8 million, representing an increase of approximately 5.5% as compared with RMB38,804.4 million in 2018, and accounted for approximately 71.2% of the Group's total revenue. GFA delivered (excluding car parking spaces) increased by approximately 75.9% to 3,275,867 sq.m. during the year 2019 from 1,862,470 sq.m. for the year 2018.

Shenzhen Region, other regions of the Greater Bay Area, Shantou Region, Nanning Region and other regions contributed to the Group's revenue from sales of properties of 2019, accounting for approximately 33.4%, 33.7%, 11.6%, 18.5% and 2.8%, respectively.

Details of revenue from sales of properties by region are as follows:

	Amount (RMB Million)	**Percentage**	**GFA**[1] (sq.m.)	**Percentage**	**ASP**[1] (RMB per sq.m.)
Shenzhen region	13,760	33.4%	280,282	8.6%	52,719
Other regions of the Greater Bay Area	13,865	33.7%	1,230,423	37.6%	12,107
Nanning region	7,599	18.5%	1,062,954	32.4%	7,352
Shantou region	4,785	11.6%	594,187	18.1%	8,171
Other regions	1,172	2.8%	108,021	3.3%	11,346
Total	41,181	100.0%	3,275,867	100.0%	13,300
Less: Sales related taxes	(260)				
Revenue from sales of properties	40,921				

1. Excluding the car parking portion

Details of the revenue from sales of properties by project are as follows:

Project name	2019 GFA[1] (sq.m.)	2019 Amount[2] (RMB'000)	2018 GFA[1] (sq.m.)	2018 Amount[2] (RMB'000)
Shenzhen Acesite Park (深圳玖龍台)	191,001	8,992,374	–	–
Shenzhen Carat Complex (深圳玖鑽)	88,329	4,728,757	331,790	18,481,679
Huizhou Logan City (惠州龍光城)	294,330	4,266,330	10,404	183,063
Fangchenggang Sunshine Seaward (防城港陽光海岸)	483,658	2,731,732	129,532	702,268
Liuzhou Acesite Park (柳州玖瓏府)	292,767	2,253,721	–	–
Huizhou Acesite Bay (惠州玖龍灣)	172,075	2,032,700	–	–
Zhongshan Acesite Bay (中山玖龍灣)	154,532	1,808,018	–	–
Chauzhou Sunshine Seaward (潮州陽光水岸)	247,054	1,603,759	–	–
Huizhou Acesite Mount (惠州玖龍山)	180,217	1,503,897	–	–
Zhaoqing Acesite Lake (肇慶玖龍湖)	155,316	1,087,453	–	–
Shantou Royal View Jubilee Garden (汕頭悦景陽光禧園)	123,013	1,020,055	–	–
Heyuan Acesite Park (河源玖龍府)	129,699	992,042	–	–
Shantou Grand Sunshine Castle (汕頭錦繡陽光御府)	126,860	974,022	–	–
Chengdu Xinjin Acesite Park (成都新津玖龍府)	104,801	957,622	–	–
Guilin Provence (桂林普羅旺斯)	142,119	910,662	135,140	829,884
Nanning Acesite Park (南寧玖龍府)	92,503	887,264	148,130	1,050,545
Foshan Grand Riverside Bay (佛山水悦龍灣)	71,252	837,179	250,998	2,983,483
Zhuhai Acesite Bay (珠海玖龍灣)	23,073	767,309	31,053	1,081,234
Shantou Golden Sunshine Castle (汕頭金色陽光悦府)	73,542	662,838	–	–
Nanning Sunshine Royal Lake (南寧御湖陽光)	43,489	608,460	265,610	2,409,830
Shantou Royal & Seaward Jubilee Garden (汕頭御海禧園)	18,177	431,007	–	23,566
Zhongshan Acesite Park (中山玖龍府)	44,644	407,013	–	–
Singapore Florence Residences (新加坡悦湖苑)	2,028	164,309	–	–
Nanning Logan Century (南寧龍光世紀)	8,911	146,872	–	–
Shantou Sea & Sunshine (汕頭碧海陽光)	5,211	64,405	15,147	248,841
Foshan Grand Riverside Bay (佛山水悦龍灣)	1,866	42,492	1,394	72,129
Shenzhen Acesite Mansion (深圳玖龍璽)	458	38,693	41,597	2,996,875
Zhuhai Acesite Park (珠海玖龍府)	1,243	28,074	145,622	2,569,306

Project name	2019 GFA[1] (sq.m.)	2019 Amount[2] (RMB'000)	2018 GFA[1] (sq.m.)	2018 Amount[2] (RMB'000)
Nanning Grand Riverside Bay (南寧水悅龍灣)	–	27,510	–	16,261
Foshan Shin Street Building (佛山尚街大廈)	676	27,348	–	123
Chengdu Joy Residence (成都君悅華庭)	218	24,681	4,873	81,840
Shantou Logan Flying Dragon Landscape (汕頭龍騰嘉園)	–	23,404	1,936	57,542
Nanning Provence (南寧普羅旺斯)	–	19,944	–	53,314
Haikou Sea and City (海南海雲天)	975	17,706	4,353	75,707
Guangzhou Landscape Residence (廣州峰景華庭)	322	12,770	–	6,392
Foshan Sky Lake Castle (佛山天湖華府)	230	10,169	1,106	31,271
Dongguan Imperial Summit Sky Villa (東莞君御旗峰)	–	9,814	–	18,127
Nanning Joy Residence (南寧君悅華庭)	–	9,003	–	8,706
Chengdu Sky Palace (成都天悅龍庭)	–	7,913	–	7,815
Huizhou Grand Riverside Bay (惠州水悅龍灣)	–	7,167	–	65,076
Foshan Grand Sky (佛山水悅雲天)	569	7,072	–	–
Foshan Grand Joy Castle (佛山君悅華府)	–	6,089	725	17,289
Foshan Joy Palace (佛山君悅龍庭)	–	5,834	2,328	40,796
Nanning Royal Castle (南寧君御華府)	–	3,972	–	14,906
Shantou Royal Sea Sunshine (汕頭陽光華府)	330	3,905	–	–
Huizhou Sky Palace (惠州天悅龍庭)	165	2,827	–	–
Shantou Seaward Sunshine (汕頭尚海陽光)	–	1,499	1,828	38,419
Zhongshan Grand Garden (中山海悅熙園)	214	1,495	–	–
Guangzhou Palm Waterfront (廣州棕櫚水岸)	–	758	–	5,292
Zhongshan Grand Joy Garden (中山水悅馨園)	–	394	–	21,786
Zhongshan Ocean Vista Residence (中山海悅華庭)	–	360	245	2,429
Foshan Riverine View Castle (佛山望江府)	–	–	193,941	2,326,116
Shantou Royal & Seaward Heaven Garden (汕頭御海天禧花園)	–	–	134,474	2,106,265
Shenzhen Masterpiece (深圳玖雲著)	–	–	10,115	378,355
Foshan Grand Garden (佛山水悅熙園)	–	–	–	53,326
Zhongshan Grand Garden (中山水悅熙園)	–	–	–	1,579

Project name	2019 GFA[1] (sq.m.)	2019 Amount[2] (RMB'000)	2018 GFA[1] (sq.m.)	2018 Amount[2] (RMB'000)
Shantou Flying Dragon Garden (汕頭龍騰熙園)	–	–	129	1,106
Zhuhai Easy Life (珠海海悅雲天)	–	–	–	355
Total	**3,275,867**	**41,180,693**	1,862,470	39,062,896
Less: Sales related taxes		**(259,853)**		(258,518)
Revenue from sales of properties		**40,920,840**		38,804,378

Notes: 1. Excluding the car parking portion.

2. Including revenue from sales of car parking spaces, but before deduction of sales related taxes.

Construction and decoration income

The construction and decoration income of the Group for the year ended 31 December 2019 amounted to approximately RMB11,532.1 million (2018: RMB4,182.1 million), representing an increase of 175.7%. The increase was mainly attributable to the increase in construction and decoration services provided to projects jointly controlled by the Group and joint venture partners.

Primary land development business

The income from primary land development business of the Group for the year ended 31 December 2019 amounted to approximately RMB4,900.0 million (2018: RMB1,067.3 million), representing an increase of 359.1%. The increase was attributable to a single project, which primarily was a factory located in Shenzhen, of which the designated usage of the property has been changed.

Rental income

For the year ended 31 December 2019, the rental income of the Group amounted to RMB127.5 million (2018: RMB83.1 million), representing an increase of approximately 53.4%. As at 31 December 2019, the Group had 37 investment properties with a total GFA of approximately 716,313 sq.m.. As for this investment property portfolio, 33 investment properties with a total GFA of approximately 485,640 sq.m. were completed, while the remaining 4 projects are still under development.

(II) Cost of sales

The cost of sales of the Group for the year ended 31 December 2019 increased to RMB39,347.4 million by approximately RMB10,097.4 million, or approximately 34.5%, as compared with 2018, primarily due to the increase in cost of sale of properties and construction and decoration business. Key components of costs are as follows:

	2019 RMB'000	2018 RMB'000	Change per year %
Costs	**39,347,437**	29,250,015	34.5%
— Sales of properties	**28,545,824**	24,996,099	14.2%
— Construction and decoration business	**8,875,879**	3,822,667	132.2%
— Property leasing business	**23,559**	13,669	72.4%
— Primary land development business	**1,902,175**	417,580	355.5%

(III) Selling and marketing expenses and administrative expenses

The selling and marketing expenses of the Group for the year ended 31 December 2019 amounted to approximately RMB1,398.2 million (2018: RMB1,231.4 million). As the Group further increased its property marketing efforts in response to the challenging market environment in 2019, the selling and marketing expenses had increased by approximately 13.5% as compared with 2018.

The administrative expenses of the Group for 2019 amounted to approximately RMB1,409.4 million (2018: RMB1,133.9 million), representing an increase of approximately 24.3% as compared with 2018, which was mainly attributable to an increase in the labor costs.

(IV) Profit from operations

The profit from operations of the Group for 2019 amounted to approximately RMB18,818.5 million (2018: RMB15,436.0 million), representing an increase of approximately 21.9%. As the revenue and other income and gains of the Group increased by approximately RMB14,105.0 million as compared with 2018, the relevant cost of sales, selling and marketing expenses and administrative expenses increased by approximately RMB10,539.7 million as compared with 2018, whereas other expenses, net gain in the fair value of investment properties and changes in the fair value of derivative financial instruments, and share of net losses of associates and joint ventures decreased by approximately RMB182.8 million as compared with 2018. As a result, the profit from operations of the Group increased by approximately RMB3,382.5 million as compared with 2018.

(V) Net finance costs

The net finance costs of the Group for 2019 decreased to approximately RMB1,366.3 million (2018: RMB1,416.9 million).

(VI) Tax

Taxes of the Group for the year ended 31 December 2019 included CIT and LAT. Taking into account the impact of the relevant changes in deferred tax, the net CIT and LAT amounted to approximately RMB4,736.9 million and RMB1,152.1 million, respectively (2018: approximately RMB3,291.3 million and RMB1,731.9 million).

(VII) Core Profit

The core profit of the Group for the year ended 31 December 2019 amounted to approximately RMB10,314.0 million, representing an increase of approximately RMB2,659.3 million as compared with 2018. The core profit margin of the Group for the year ended 31 December 2019 was approximately 17.9% (2018: approximately 17.3%), representing an increase of approximately 0.6 percentage points as compared with 2018.

(VIII) Liquidity and financial resources

As at 31 December 2019, total assets of the Group amounted to approximately RMB206,010.1 million (31 December 2018: RMB170,094.7 million), of which current assets amounted to approximately RMB159,224.5 million (31 December 2018: RMB130,640.5 million). Total liabilities amounted to approximately RMB163,016.1 million (31 December 2018: RMB133,348.9 million), of which non-current liabilities amounted to approximately RMB43,919.0 million (31 December 2018: RMB44,810.4 million). Total equity amounted to approximately RMB42,994.0 million (31 December 2018: RMB36,745.8 million).

As at 31 December 2019, the Group had cash and bank balances of approximately RMB40,705.1 million (31 December 2018: RMB35,717.2 million) and total borrowings of approximately RMB69,677.6 million (31 December 2018: RMB58,941.2 million). As at 31 December 2019, total net borrowings of the Group amounted to approximately RMB28,972.5 million (31 December 2018: RMB23,224.0 million), the net debt-to-equity ratio of the Group was 67.4% (31 December 2018: 63.2%).

(IX) Financing activities

In 2019, the Group successfully issued four tranches of senior notes of US$850,000,000. The first tranche of senior notes amounted to US$50,000,000, with a coupon rate of 5.75% and a maturity date on 3 January 2022. The second tranche of senior notes amounted to US$300,000,000, with a coupon rate of 7.5% and a maturity date on 25 August 2022. The third tranche of senior notes amounted to US$400,000,000, with a coupon rate of 6.5% and a maturity date on 16 July 2023. The fourth tranche of senior notes amounted to US$100,000,000, with a coupon rate of 6.9% and a maturity date on 9 June 2024.

Also, Shenzhen Logan, a subsidiary of the Group in PRC, had issued domestic corporate bonds with total principal amount of RMB5.01 billion during the year.

(X) Foreign Exchange Exposure

The Group's businesses are principally conducted in Renminbi. Other than the bank deposits, bank borrowings and the senior notes denominated in foreign currencies, the Group does not have any material exposure directly due to foreign exchange fluctuations. The Group has not entered into any material forward exchange contract to hedge its exposure to foreign exchange risk. The Group will continue to monitor foreign exchange changes to best preserve the Group's cash value.

(XI) Employees and Remuneration Policy

As at 31 December 2019, the Group had approximately 3,315 employees (2018: 3,219). Compensation for the employees includes basic wages, variable wages, bonuses and other staff benefits. The remuneration policy of the Group is to provide remuneration packages, including basic salary, short term bonuses and long term rewards such as options, so as to attract and retain top quality staff. The remuneration committee of the Company reviews such packages annually, or when occasion requires.

The Company has also adopted a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Further details in relation to the Share Option Scheme are set out in section headed "Share Option Scheme" in this annual report.

Biographies of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Kei Hoi Pang, aged 53, was appointed as an executive director of the Company on 18 November 2013. Mr. Kei is also the founder and Chairman of the Company. Mr. Kei was also the chief executive officer of the Company from April 2011 to 29 January 2018. He is primarily responsible for the overall strategic planning of the Group's business. He is father of Ms. Kei Perenna Hoi Ting, a non-executive director of the Company. In March 1996, Mr. Kei held the position as an executive director and the chief executive officer of Guangdong Logan (Group) Co., Ltd., one of the Group's predecessors. Since October 2009, Mr. Kei has also served as a director and chief executive officer of Shenzhen Logan Holdings Company Limited. Mr. Kei is presently a member of the 13th National Committee of Chinese People's Political Consultative Conference. Mr. Kei has over 20 years of experience in the property development industry and possesses experience in corporate strategic planning and management as well as project management.

Mr. Lai Zhuobin, aged 48, was appointed as an executive director of the Company on 18 November 2013. He was appointed as the chief financial officer of the Company in July 2015. In September 2019, he was appointed as the chief executive officer of the Company. Mr. Lai was employed by Logan Property Limited Liability Company (formerly known as "Logan Real Estate Holdings Co., Ltd.") in 2007 and held various senior positions within the financial management division during the period from November 2007 to May 2011. In May 2011, Mr. Lai was served as the financial controller of Shenzhen Logan Holdings Company Limited. He is a member of the Chinese Institute of Certificate Public Accountants. Mr. Lai obtained a bachelor's degree in science from Sun Yat-sen University (中山大學) in July 1993 and obtained a master's degree in engineering from Beijing Institute of Technology in July 2003. Mr. Lai also obtained an executive master of business administration from Peking University in 2013.

Mr. Xiao Xu, aged 48, was appointed as an executive director of the Company on 18 November 2013 and the vice president of the Company in July 2015. Mr. Xiao is mainly responsible for implementing strategic development, investment analysis and external affairs of the Group. Mr. Xiao was employed by Logan Property Limited Liability Company (formerly known as "Logan Real Estate Holdings Co., Ltd.") in 2007 and held various senior management positions during the period from August 2007 to April 2011 prior to his appointment as the assistant to the president of Shenzhen Logan Holdings Company Limited in April 2011. Mr. Xiao was also appointed as the director of Shenzhen Logan Junchi Property Development Co., Ltd. (深圳市龍光駿馳房地產開發有限公司) and Zhuhai Bojun Property Development Co., Ltd. (珠海市鉑駿房地產開發有限公司) in August 2014. He has substantial experience in investment analysis, corporate management, secretarial work and external liaison. Mr. Xiao obtained a bachelor's degree in business management from Jinan University (暨南大學) in June 1993 and obtained a postgraduate diploma in economics from the Party School of Chinese Communist Party of Guangdong Province (中共廣東省委黨校) in July 1998.

Mr. Wu Jian, aged 49, was appointed as an executive director of the Company on 12 September 2019. Mr. Wu joined the Company as the deputy president in August 2019. Mr. Wu has more than 15 years of experience in the property development industry. Mr. Wu was employed by Fuzhou Architectural Design Institute from April 1994 to March 2004. Mr. Wu joined Ronshine China Holdings Limited in March 2004 and had assumed various positions, including being the executive director from 1 December 2014 to 16 November 2018 and chief executive officer from January 2017 to November 2018. Mr. Wu graduated from Shanghai Jiao Tong University in July 1991 with a bachelor's degree in industrial and civil architecture and from Zhejiang University in March 1994 with a master degree in structural engineering.

NON-EXECUTIVE DIRECTOR

Ms. Kei Perenna Hoi Ting, aged 30, was appointed as a director of the Company on 14 May 2010 and was redesignated as a non-executive director of the Company on 18 November 2013. She is the daughter of Mr. Kei Hoi Pang, chairman and an executive director of the Company. In August 2011, Ms. Kei obtained a bachelor's degree in Economics and Finance from the University of London.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Zhang Huaqiao, aged 56, was appointed as an independent non-executive Director on 18 November 2013. Mr. Zhang is a director of various companies the shares of which are listed on the Hong Kong Stock Exchange, including an independent non-executive director of Fosun International Limited (Stock Code: 656), Zhong An Real Estate Limited (Stock Code: 672), China Huirong Financial Holdings Limited (Stock Code: 1290) and Luye Pharma Group Ltd. (Stock Code: 2186). Mr. Zhang resigned as a non-executive director and the chairman of the board of China Smartpay Group Holdings Limited (formerly known as "Oriental City Group Holdings Limited") (Stock code: 8325) on 20 January 2020. Mr. Zhang resigned as an independent non-executive director of Yancoal Australia Ltd (Stock Code: YAL, a company listed on the Australia Securities Exchange) on 30 January 2018, Sinopec Oilfield Service Corporation (formerly known as "Sinopec Yizheng Chemical Fibre Company Limited") (Stock Code: 1033) on 20 June 2018, Wanda Hotel Development Company Limited (Stock Code: 169) on 30 May 2018 and China Rapid Finance Limited (Stock Code: XRF, a company listed on the New York Exchange) on 28 March 2019 respectively. He retired as a non-executive director of Boer Power Holdings Limited (Stock Code: 1685) on 6 May 2019. From June 1999 to April 2006, Mr. Zhang had worked with UBS AG, Hong Kong Branch and held positions as a director, executive director, managing director and the co-head of its China Research team. Mr. Zhang obtained a master's degree in economics from the Graduate School of the People's Bank of China in July 1986 and obtained a master's degree in economics of development from the Australian National University in April 1991.

Ms. Liu Ka Ying, Rebecca, aged 50, was appointed as an independent non-executive director of the Company on 18 November 2013. From June 1996 to March 2002, Ms. Liu served as the general manager for the Asia and China region of The PRG-Schultz International, Inc., a company listed on NASDAQ. In January 2007, Ms. Liu was appointed as the chief executive officer of AllPanther Asset Management Limited (竣富(資產)管理有限公司) and served at such position since then. She possesses experience in management, investment in real estate development and private investment funds, as well as accounting and financial management.

Ms. Liu is a member of the American Institute of Certified Public Accountants (AICPA), Illinois CPA Society (ICPAS) of the United States and Hong Kong Institute of Certified Public Accountants (HKICPA). Ms. Liu obtained a double bachelor's degree in Business Administrative Studies from York University, Canada with major in management and in accounting (with honours) in 1992 and 1994, respectively. She also obtained a doctoral's degree in business administration from Victoria University of Switzerland in November 2011. She is also a member of the Hong Kong Institute of Bankers, Association of Women Accountants (Hong Kong) Limited, Hong Kong Professionals and Senior Executives Association. She was also a former member of the Tenth and the Eleventh Jilin Provincial Committee of the Chinese People's Political Consultative Conference.

Mr. Cai Suisheng, aged 69, was appointed as an independent non-executive director of the Company on 18 November 2013. Mr. Cai is currently the honorary president of Guangdong Provincial Real Estate Association (廣東省房地產行業協會). Mr. Cai was appointed as a senior consultant of Shenzhen Real Estate Intermediary Association (深圳市房地產中介協會) in January 2019. Also, in 2004, Mr. Cai was a visiting scholar at the Institute of Housing and Urban Research of Uppsala University in Sweden (瑞典烏普薩拉大學住房與城市發展研究所). From 2006 to 2010, Mr. Cai served as a standing director of the China Real Estate Association (中國房地產業協會). From 2007 to 2016, Mr. Cai was appointed as the president of Guangdong Provincial Real Estate Association and the vice president of Guangdong Economics Association (廣東經濟學會) respectively. In June 2014, Mr. Cai was redesignated from independent non-executive director to the external director of Guangzhou Pearl River Industrial Development Co., Ltd. (廣州珠江實業開發股份有限公司), a company listed on the Shanghai Stock Exchange. In October 2013, Mr. Cai was appointed as honorary professor of the department of urban planning and design of the University of Hong Kong and visiting professor of College of Real Estate of Beijing Normal University Zhuhai. In September 2018, Mr. Cai was appointed as visiting professor of the department of urban planning and design of the University of Hong Kong. Mr. Cai has in-depth knowledge and extensive experience in real estate policies, market and urban management and has published numerous articles and reviews regarding the real estate market, housing policy as well as urban development and management in various newspapers and publications.

SENIOR MANAGEMENT

Name	Position
Mr. Kei Hoi Pang	Chairman
Mr. Lai Zhuobin	Chief Executive Officer
Mr. Xiao Xu	Vice President
Mr. Wu Jian	Deputy President
Ms. Huang Xiangling	Vice President

Please refer to the section headed "Executive Directors" above for the biographies of Mr. Kei Hoi Pang, Mr. Lai Zhuobin, Mr. Xiao Xu and Mr. Wu Jian.

Ms. Huang Xiangling, aged 43, is a vice president of the Group. She is mainly responsible for the management of the president's office and public affairs of the Group. Ms. Huang joined Logan Real Estate Holdings Co., Ltd. in 2005. Ms. Huang has extensive experience in project management, internal management and external liaison. Ms. Huang obtained a diploma in public affairs management from Zhejiang University in June 2007.

Corporate Governance Report

The board of directors of the Company (the "Board") is pleased to present this Corporate Governance Report for the period from 1 January 2019 to 31 December 2019.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders and enhance corporate value. The Company's corporate governance practices are based on the principles and code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules").

The Company has complied with all applicable code provisions as set out in the CG Code throughout the year ended 31 December 2019.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made to all the directors of the Company (the "Directors") and the Directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2019. In addition, the Board has also adopted the principles and rules of the Model Code as written guidelines for relevant employees (the "Employees Written Guidelines") in respect of their dealings in the securities of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

BOARD OF DIRECTORS

The Company is headed by an effective Board which oversees the Group's businesses, strategic decisions and performance and takes decisions objectively in the best interests of the Company. The Board should regularly review the contribution required from a Director to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time performing them.

Board Composition

The Board currently comprises four executive Directors, one non-executive Director and three independent non-executive Directors. Independent non-executive Directors constitute not less than one-third of the Board.

The list of the Directors is set out in section headed "Corporate Information" on page 13 and their biography (including the relationships between the members of the Board) are set out in the section headed "Biographies of Directors and Senior Management" on pages 32 to 34 of this annual report. Save as otherwise disclosed, there is no relationship (including financial, business, family or other material relationship) between any members of the Board.

Chairman and Chief Executive Officer

The positions of chairman and chief executive officer are currently held by Mr. Kei Hoi Pang and Mr. Lai Zhuobin respectively. The chairman provides leadership and is responsible for the effective functioning and leadership of the Board. The chief executive officer focuses on the Company's business development and daily management and operations generally.

Independent Non-executive Directors

During the year 2019, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing not less than one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

Appointment and Re-election of Directors

Each of the Directors is appointed for a specific term of three years. In accordance with the articles of association of the Company, each of the Directors is subject to retirement by rotation at least once every three years. In case of any Director appointed by the Board to fill a casual vacancy shall hold the office until the first general meeting after his appointment and be subject to re-election by retirement at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold the office only until the next following annual general meeting and shall then be eligible for re-election by retirement.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for leadership and control and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The Board takes decisions objectively in the interests of the Company.

All Directors, including non-executive Director and 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.

All Directors have timely access to appropriate information of the Company as well as the services and advice from the company secretary and senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his/her responsibilities to the Company.

The Board reserves its decision on all major matters which relate to policies, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management. The delegated functions are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by senior management.

The Board believes that independent non-executive Directors have brought their independent judgment on issues in connection with the Group's strategies, performance, conflict of interests and management process so that the interests of all shareholders are considered and safeguard.

Continuous Professional Development of Directors

Every newly appointed Director (if any) shall receive a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors' training is an on-going process, all Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company also updates Directors on any latest development regarding the Listing Rules and other applicable regulatory requirements from time to time to ensure compliance and enhance their awareness of good corporate governance practices.

The training records of the Directors for year 2019 are summarized as follows:

Name of Directors	Attending Internally-facilitated Briefings or Training, Attending Seminars and Reading Materials
Executive Directors	
Mr. Kei Hoi Pang	√
Mr. Lai Zhuobin	√
Mr. Xiao Xu	√
Mr. Wu Jian(2)	√
Mr. Ji Jiande(1)	√
Non-executive Director	
Ms. Kei Perenna Hoi Ting	√
Independent Non-executive Directors	
Mr. Zhang Huaqiao	√
Ms. Liu Ka Ying, Rebecca	√
Mr. Cai Suisheng	√

Notes:

(1) Mr. Ji Jiande resigned as an executive Director and the chief executive officer of the Company with effect from 10 September 2019.

(2) Mr. Wu Jian was appointed as an executive Director on 12 September 2019.

BOARD MEETINGS

The Board meets regularly to review the financial and operating performance of the Company and to discuss future strategy.

The attendance record of each Director at the Board meetings and the annual general meeting of the Company held in 2019 is set out in the table below:

	Attendance/Number of	
Name of Director	**Board Meetings**	**Annual General Meeting**
Executive Directors		
Mr. Kei Hoipang	5/5	1/1
Mr. Lai Zhuobin	5/5	1/1
Mr. Xiao Xu	5/5	1/1
Mr. Wu Jian(2)	1/1	N/A
Mr. Ji Jiande(1)	3/3	1/1
Non-executive Director		
Ms. Kei Perenna Hoi Ting	5/5	1/1
Independent Non-executive Directors		
Mr. Zhang Huaqiao	5/5	1/1
Ms. Liu Ka Ying, Rebecca	5/5	1/1
Mr. Cai Suisheng	5/5	1/1

Notes:

(1) Mr. Ji Jiande resigned as an executive Director and the chief executive officer of the Company with effect from 10 September 2019.

(2) Mr. Wu Jian was appointed as an executive Director on 12 September 2019.

The chairman also held a meeting solely with the independent non-executive Directors without the presence of other Directors on 19 March 2019.

BOARD COMMITTEES

The Board has established an Audit Committee, Remuneration Committee and Nomination Committee in assisting the Board to discharge its functions. The terms of reference of such committees are posted on the Company's website and the Stock Exchange's website.

The list of the chairman and members of each Board committee is set out under the section headed "Corporate Information" on page 13 of this annual report.

Audit Committee

According to the terms of reference of the Audit Committee, its main duties include (but not limited to) making recommendations on the appointment of external auditor and monitoring the effectiveness of external audit, supervision of internal audit and oversight of the integrity of financial information and the financial reporting system, overseeing internal audit, risk management and internal control systems of the Company and ensuring such functions are adequately resourced as well as to perform the corporate governance function.

During the year 2019, the Audit Committee had reviewed 2018 annual financial statements and 2019 half-year financial statements and recommended the same to the Board for approval. The Audit Committee oversaw matters concerning the Company's external auditors including reviewing the scope and quality of audit, the external auditors' independence and objectivity as well as their fees and making recommendations to the Board regarding the resignation and appointment of the external auditors, the nature and scope of their audit and their fees. The Audit Committee also reviewed the effectiveness of the internal audit function of the Company and the effectiveness of the risk management and internal control system of the Group which cover all material controls including financial, operational and compliance controls. During the year ended 31 December 2019, the Audit Committee met with the external auditors twice to discuss issues arising from the audit.

The attendance record of each member at the Audit Committee meetings of the Company held in 2019 is set out in the table below:

Name of Directors	Attendance/ Number of Meetings
Ms. Liu Ka Ying, Rebecca *(Chairman)*	4/4
Mr. Zhang Huaqiao	4/4
Mr. Cai Suisheng	4/4

Remuneration Committee

According to the terms of reference of the Remuneration Committee and the model adopted whereby the Remuneration Committee is responsible for making recommendation to the Board on the remuneration packages of individual executive Director and senior management. The Remuneration Committee is also responsible for making recommendation to the Board on the remuneration matters of non-executive Directors, the setting up of adequate and transparent procedures for setting such remuneration.

No Director or any of the senior management is allowed to determine their own remuneration. In making recommendation to the Board on the remuneration of Directors and senior management, the Remuneration Committee shall consider factors such as time commitment and responsibilities of Directors, employment conditions of other positions within the Group and whether their remuneration are performance-related.

During the year 2019, the Remuneration Committee had reviewed the Director fee of new Director and the remuneration of chief executive officer and other incentive rewards such as grant of share options.

The attendance record of each member at the Remuneration Committee meeting of the Company held in 2019 is set out in the table below:

Name of Director	Attendance/ Number of Meetings
Mr. Zhang Huaqiao *(Chairman)*	3/3
Mr. Kei Hoi Pang	3/3
Ms. Liu Ka Ying, Rebecca	3/3

The remuneration of the senior management by band for the year ended 31 December 2019 is set out below:

Annual Income	Number of Persons
RMB5,000,000 to 10,000,000	2
Over RMB10,000,000	3

Nomination Committee

According to the terms of reference of the Nomination Committee, its duties mainly include (but not limited to) reviewing the structure, size and composition of the Board and reviewing the policy on board diversity, assessing the independence of the independent non-executive Directors as well as making recommendations to the Board on the selection of individuals nominated for directorships.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning board diversity as set out in the Company's board diversity policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

During the year 2019, the Nomination Committee had recommended to the Board on the appointment of Mr. Lai Zhuobin as chief executive officer of the Company and appointment of Mr. Wu Jian as an executive Director.

The attendance record of each member at the Nomination Committee meeting of the Company held in 2019 is set out in the table below:

Name of Director	Attendance/ Number of Meetings
Mr. Kei Hoi Pang *(Chairman)*	2/2
Mr. Zhang Huaqiao	2/2
Ms. Liu Ka Ying, Rebecca	2/2

Board Diversity Policy

The Company has adopted a board diversity policy which sets out the approach to achieve diversity of the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

Pursuant to the board diversity policy, the Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile. In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and regional and industry experience.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered.

The Nomination Committee will review the board diversity policy, as appropriate, to ensure its effectiveness.

Director Nomination Policy

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee of the Company.

The Company has adopted a director nomination policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The director nomination policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- Diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;
- Requirements of independent non-executive Directors on the Board and independence of the proposed independent non-executive Directors in accordance with the Listing Rules; and
- Commitment in respect of available time and relevant interest to discharge duties as a member of the Board and Board committees.

The director nomination policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings.

The Nomination Committee will review the director nomination policy, as appropriate, to ensure its effectiveness.

Dividend Policy

The Company has adopted a dividend policy on payment of dividends. Depending on the financial conditions of the Company and the Group and the conditions and factors as set out in the dividend policy, dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to shareholders' approval.

The declaration of dividends by the Company is also subject to any restrictions under the Cayman Islands Companies Law, the Articles of Association of the Company and any applicable laws, rules and regulations.

In determining payment of dividends, the Company shall share its profits with shareholders while maintaining adequate reserves for meeting its future growth, with a view to declaring dividends higher than the industrial average level and achieving a stable and better return for the shareholders.

The Board shall also take into account the following factors of the Group when considering the declaration and payment of dividends:

- financial results;
- cash flow situation;
- business conditions and strategies;
- future operations and earnings;
- capital requirements and expenditure plans;
- interests of shareholders;
- tax issue;
- any restrictions on payment of dividends; and
- any other factors that the Board may consider relevant.

Depending on the financial conditions of the Company and the Group and the conditions and factors as set out above, dividends may be proposed and/or declared by the Board for a financial year or period:

- interim dividend;
- final dividend;
- special dividend; and
- any distribution of net profits that the Board may consider appropriate.

Corporate Governance Functions

The Audit Committee is responsible for performing the functions set out in the code provision D.3.1 of the CG Code.

During the year 2019, the Audit Committee had reviewed the Company's corporate governance policies and practices and training and continuous professional development of Directors and senior management.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems. The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions. The procedures and guidelines comprise the following phases:

- Identification: Identify ownership of risks, business objectives and risks that could affect the achievement of objectives.
- Evaluation: Analyze the likelihood and impact of risks and evaluate the risk portfolio accordingly.
- Management: Consider the risk responses, ensure effective communication to the Board and on-going monitor the residual risks.

The Company has also in place an internal control system which is compatible with the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") 2013 framework. The framework enables the Group to achieve objectives regarding effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations.

The Company has established the "Notice in respect of Further Regulations on Joint Ventures Management" which formalised the management of the joint ventures and related affairs.

The management has confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 31 December 2019.

The Group's audit and legal office is responsible for internal audit function of the Company in performing independent review of the adequacy and effectiveness of the risk management and internal control systems. The audit and legal office examined key issues in relation to the accounting practices and all material controls and provided its findings and recommendations for improvement to the Audit Committee. In addition, the Group has engaged SHINEWING Risk Services Limited to carry out the internal audit function such as the analysis and independent assessment of the adequacy and effectiveness of the Group's risk management and internal control systems covering financial, operational and legal compliance controls for the year ended 31 December 2019. The assessments were conducted semi-annually and the results have been finalized in March 2020 and communicated with the Audit Committee.

The Board, through the Audit Committee, had reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended 31 December 2019, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

The Company has developed respective disclosure policy which provides a general guide to the Company's Directors, senior management, officers and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited. This includes but is not limited to the following:

- The access of information is restricted to a limited number of employees on a need-to-know basis. Employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality.

- Confidentiality agreements are in place when the Company enters into significant negotiations.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2019.

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

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report on pages 65 to 70.

AUDITOR'S REMUNERATION

The remuneration of external auditor of the Company, Ernst & Young, in respect of audit services and non-audit services for the year ended 31 December 2019 is set out below:

Service Category	**Fees**
Audit Services	RMB7,000,000
Non-audit Services	RMB4,100,000
	RMB11,100,000

COMPANY SECRETARY

Ms. Li Yan Wing, Rita has been appointed as the Company's company secretary. Ms. Li Yan Wing, Rita is a corporate services executive director of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services.

All Directors have access to the advice and services of the company secretary on corporate governance and board practices and matters. Mr. Xiao Xu, an executive Director, has been designated as the primary contact person at the Company which would work and communicate with Ms. Li Yan Wing, Rita on the Company's corporate governance and secretarial and administrative matters.

For the year ended 31 December 2019, Ms. Li Yan Wing, Rita has undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

To safeguard shareholder interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Convening General Meeting by Shareholders

Pursuant to Articles 58 of the Company's Articles of Association, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require a general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting Forward Proposals at General Meetings

There is no provision allowing shareholders to move new resolutions at general meetings under the Cayman Islands Companies Law or the Articles of Association of the Company. Shareholders who wish to move a resolution may request the Company to convene a general meeting following the procedures set out in the preceding paragraph.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address:	Unit Nos. 02–03A, Level 68, International Commerce Centre, 1 Austin Road West, Hong Kong (For the attention of the Board of Directors)
Fax:	(852) 2175 5098
Email:	i.r@logan.com.cn

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address, apart from the registered office of the Company, and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

The detailed procedures for shareholders to propose a person for election as a Director can be found on the website of the Company headed "Corporate Governance" section.

Shareholders may call the Company at (852) 2823 9200 or (86) 755 8528 8221 for any enquiry.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/ INVESTOR RELATIONS

The Board has established a shareholders' communication policy and posted it on the website of the Company setting out the principles of the Company in relation to shareholders' communications, with the objective of ensuring that shareholders of the Company are provided with equal and timely access to information about the Company, in order to enable the shareholders of the Company to exercise their rights in an informed manner and to allow them to engage actively with the Company.

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet shareholders and answer their enquiries.

During the year 2019, the Company has not made any changes to its Articles of Association. An up-to-date version of the Company's Articles of Association is also available on the Company's website and the Stock Exchange's website.

Directors' Report

The directors of the Company (the "Directors") have pleasure in presenting the annual report of the Company together with the audited consolidated financial statements for the year ended 31 December 2019.

PRINCIPAL PLACE OF BUSINESS

Logan Property Holdings Company Limited (the "Company") is a company incorporated and has its registered office in the Cayman Islands. The Company's principal place of business in Hong Kong is situated at Unit Nos. 02–03A, Level 68, International Commerce Centre, 1 Austin Road West, Hong Kong.

PRINCIPAL ACTIVITIES

The Company is an investment holding company, and its subsidiaries (the "Group") are principally engaged in property development, property investment, construction and decoration and primary land development. The activities and particulars of the Company's subsidiaries are shown under note 1 to the consolidated financial statements. An analysis of the Group's revenue and operating profit for the year by principal activities is set out in the section headed "Management Discussion and Analysis" in this annual report and notes 5 and 6 to the consolidated financial statements.

BUSINESS REVIEW

A review of the business of the Group during the year and a discussion of the Group's future business development are set out in "Chairman's Statement" on pages 16 to 18 of this annual report. Description of possible risks and uncertainties facing by the Company is set out in "Management Discussion and Analysis" on pages 19 to 31 of this annual report. An analysis of the Group's performance during the year using financial key performance indicators is set out in the Group's "Five Years' Financial Summary" on page 186 of this annual report.

ENVIRONMENTAL PROTECTION AND COMPLIANCE WITH LAWS AND REGULATIONS

The Group is committed to supporting the environmental sustainability. Being a property developer and city complex operator in the PRC, the Group is subject to various environmental laws and regulations set by the PRC national, provincial and municipal governments. These include regulations on air and noise pollution and discharge of waste and water. Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations. During the year under review, the Group has complied with relevant laws and regulations that have significant impact on the operations of the Group. Further, any changes in applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.

RELATIONSHIP WITH STAKEHOLDERS

The Group believes that employees, customers and business partners are keys to its sustainable development. The Group is committed to establishing a close and caring relationship with its employees, providing quality services to its customers and enhancing cooperation with its business partners. The Company provides a fair and safe workplace, promotes diversity to our staff, provides competitive remuneration and benefits and career development opportunities based on their merits and performance. The Group also puts ongoing efforts to provide adequate trainings and development resources to the employees so that they can keep abreast of the latest development of the market and the industry and, at the same time, improve their performance and self-fulfillment in their positions.

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

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

CONSOLIDATED FINANCIAL STATEMENTS

The profit of the Group for the year ended 31 December 2019 and the state of the Company's and the Group's affairs as at that date are set out in the consolidated financial statements on pages 71 to 185.

RESULTS AND APPROPRIATIONS

Profits attributable to shareholders for the year ended 31 December 2019, before dividends, of RMB11,269,044,000 (2018: RMB8,288,398,000) have been transferred to reserves. Other movements in reserves are set out on pages 75 to 76 of "Consolidated Statement of Changes in Equity".

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK45 cents per share for the year ended 31 December 2019 (the "Dividend") (2018: a final dividend of HK40 cents per share and a special dividend of HK7 cents per share), subject to the approval by shareholders at the forthcoming annual general meeting of the Company ("AGM") to be held on Friday, 22 May 2020. The Dividend, if approved by the Company's shareholders at the AGM, will be paid in cash on Friday, 17 July 2020 to the shareholders whose names appear on the register of members of the Company on Wednesday, 8 July 2020.

CLOSURE OF REGISTER OF MEMBERS

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

(a) To ascertain the shareholders' entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 19 May 2020 to Friday, 22 May 2020, both days inclusive. In order to qualify for attending and voting at the AGM, all transfer documents should be lodged for registration with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 18 May 2020.

(b) To ascertain the shareholders' entitlement to the Dividend, the register of members of the Company will be closed from Monday, 6 July 2020 to Wednesday, 8 July 2020, both days inclusive. In order to qualify for the Dividend, all transfer documents should be lodged for registration with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 3 July 2020.

INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the investment properties and other property, plant and equipment are set out in notes 16 and 15 to the consolidated financial statements, respectively.

SHARE CAPITAL

Details of the movements in the share capital of the Company for the year ended 31 December 2019 and as at that date is set out in note 30 to the consolidated financial statements.

RESERVES

Details of the movements in the reserves of the Group and the Company for the year ended 31 December 2019 are set out in "Consolidated Statements of Changes in Equity" and note 33 to the consolidated financial statements, respectively.

BORROWINGS

Details of the borrowings are set out in the section headed "Management Discussion and Analysis" in the annual report and notes 26, 27 and 28 to the consolidated financial statements.

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five years is set out on page 186 of the annual report.

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

During the year ended 31 December 2019, the Company repurchased from the market a total of 19,130,000 shares of the Company (the "Shares"). All the Shares repurchased have been cancelled. Details of the repurchases of the Shares are as follows:

Date of Repurchase	Number of Shares Repurchased	Highest price per share (HK$)	Lowest price per share (HK$)	Aggregate consideration (HK$)
30 January 2019	15,330,000	10.40	9.50	154,684,240
31 January 2019	3,300,000	10.68	10.46	34,941,560
18 April 2019	500,000	12.98	12.84	6,456,000

Save as disclosed above and elsewhere in this annual report, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2019.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association, or the law of Cayman Islands being the jurisdiction in which the Company is incorporated under which would oblige the Company to offer new shares on a pro-rata basis to existing shareholder.

DIRECTORS

The list of Directors is set out on page 13 of this annual report.

In accordance with the Company's articles of association, Mr. Kei Hoi Pang, Mr. Wu Jian, Ms. Kei Perenna Hoi Ting and Mr. Cai Suisheng shall retire from office at the AGM and, being eligible, offer themselves for re-election.

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors to be independent.

Directors' Service Contracts

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

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

Directors' Interests in Contracts of Significance

Other than those transactions disclosed in note 42 to the consolidated financial statements and in the section "Continuing Connected Transactions" below, no contract of significance in relation to the Group's business to which the Company, any of its subsidiaries or its parent company was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

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 during the year under review.

Indemnity and Insurance Provisions

The Articles of Association of the Company provides that every Director shall be entitled to be indemnified out of the assets of the Company against any liability, action, proceeding, claim, demand, costs, damages or expenses as a result of any act or failure to act in carrying out his/her functions. Such provisions were in force during the course of the financial year ended 31 December 2019 and remained in force as of the date of this annual report. The Company has also arranged appropriate directors and officers liability insurance in respect of legal action against them.

DEED OF NON-COMPETITION

The Company shall receive, from each of the controlling shareholders of the Company, an annual declaration on his/her/its compliance with the undertakings contained in the deed of non-competition (the "Deed of Non-Competition") entered into by each of them in favour of the Company pursuant to which each of the controlling shareholders of the Company has undertaken to the Company that he/she/it will not or will procure that his/her/its associates (other than members of the Group) not to, engage in the development of residential properties or mixed-use properties, which mainly represent residential properties with ancillary developments ancillary to the Group's residential projects, such as retail units, supermarkets and car parks, etc.

Details of the Deed of Non-Competition were disclosed in the prospectus of the Company dated 10 December 2013 under the section headed "Relationship with Our Controlling Shareholders".

For the year ended 31 December 2019, the Company had received an annual written confirmation from each of the Company's controlling shareholders in respect of their and their associates' compliance with the Deed of Non-Competition. The independent non-executive Directors had reviewed and were satisfied that each of the controlling shareholders of the Company has complied with the Deed of Non-Competition for the year ended 31 December 2019.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of Directors and senior management are set out in the section headed "Biographies of Directors and Senior Management" of this annual report.

CONTINUING DISCLOSURE REQUIREMENTS UNDER RULE 13.21 OF THE LISTING RULE

2018 Facility Agreement

On 10 April 2018, the Company as borrower entered into a facility agreement with certain banks as lenders in relation to a 36-month term loan facility in an amount of HK$900,000,000 (the "2018 Facility") (the "2018 Facility Agreement").

The 2018 Facility Agreement includes a condition imposing specific performance obligation on Mr. Kei Hoi Pang, Ms. Kei Perenna Hoi Ting and their close associates, that it will be an event of default if, among others, (i) Mr. Kei Hoi Pang ("Mr. Kei") and his spouse, Ms. Kei Perenna Hoi Ting ("Ms. Kei") and her spouse and any child or step child, natural or adopted, under the age of 18 years of Mr. Kei (or his spouse) or Ms. Kei (or her spouse) and any trust of which Mr. Kei, Ms. Kei and any other person(s) identified in above are the principal beneficiaries (the "Kei Family") do not or cease to own, direct or indirect, at least 51% of the beneficial shareholding interest in the issued share capital of, and carrying 51% of the voting rights in, the Company; or (ii) the Kei Family collectively do not or cease to have management control of the Company; or (iii) any person other than any one of Mr. Kei, Ms. Kei and Mr. Ji Jiande is or becomes the president or the chairman of the Company.

At any time after the occurrence of aforementioned events so long as the same is continuing, the lenders may, by notice to the Company under the 2018 Facility agreement, cancel the commitments or any part thereof (and reduce them to zero); and/or declare that all or part of the 2018 Facility, together with accrued interest, and all other amounts accrued or outstanding be immediately due and payable, whereupon they shall become immediately due and payable, and/or all or part of the 2018 Facility be payable on demand, whereupon they shall immediately become payable on demand.

As at the date of this report, the term loan facility of HK$900,000,000 remained outstanding.

2019 Facility Agreement

On 24 January 2019, the Company as borrower entered into a facility agreement with certain banks as lenders for a term loan facility of HK$1,610,000,000 ("2019 Facility Agreement"), which may be increased to not more than HK$2,500,000,000 in accordance with the terms of the 2019 Facility Agreement at an interest rate of HIBOR plus 3.95% per annum. The facility has to be fully repaid within 42 months after the date of the 2019 Facility Agreement.

On 15 July 2019, term loan facility has been increased by HK$150,000,000 to HK$1,760,000,000.

Pursuant to the 2019 Facility Agreement, it shall constitute an event of default if (i) Ms. Kei Perenna Hoi Ting, her spouse and any of her child under the age of 18 years old, collectively do not or cease to beneficially own, direct or indirect, at least 51% of the beneficial shareholding interest in the issued share capital of, and carrying at least 51% of all the voting rights in, the Company, such shareholding interest and voting rights being free from any security; (ii) Mr. Kei Hoi Pang does not or ceases to have management control of the Company or the Group and/or control over the business of the Group; or (iii) any person other than any one of Mr. Kei Hoi Pang and Mr. Ji Jiande is or becomes the chairman of the Company. Upon and at any time after the occurrence of an event of default, the lenders may cancel all or any parts of their commitments and declare that all or part of the loans, together with accrued interest, and all other amounts accrued or outstanding under the finance documents be immediately due and payable.

As at the date of this report, the term loan facility of HK$1,760,000,000 remained outstanding.

The Company will continue to make relevant disclosure in its subsequent interim and annual reports of the Company pursuant to Rule 13.21 of the Listing Rules for as long as circumstances giving rise to the obligation under Rule 13.18 of the Listing Rules continue to exist.

Save as disclosed above, as at 31 December 2019, the Company did not have other disclosure obligations under Rule 13.18 of the Listing Rules.

SHARE OPTION SCHEME

The Company's share option scheme (the "Share Option Scheme") was conditionally adopted by the written resolutions of the shareholders of the Company passed on 18 November 2013 and the summary of the principal terms of the Share Option Scheme was as follows:

1. Purpose of the Share Option Scheme:

The Share Option Scheme is established to recognize and acknowledge the contributions the Eligible Participants (as defined in paragraph 2 below) had or may have made to the Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives:

(i) motivate the Eligible Participants to optimize their performance efficiency for the benefit of the Group; and

(ii) attract and retain or otherwise maintain on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

2. Participants of the Share Option Scheme:

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

(i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;

(ii) any directors (including independent non-executive directors) of the Company or any of its subsidiaries; and

(iii) any advisors, consultants, suppliers, customers, agents, distributors and such other persons who, in the sole opinion of the Board, will contribute or have contributed to the Company or any of its subsidiaries.

3. Maximum number of Shares available for issue:

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue immediately following the completion of the Global Offering ("the Hong Kong Public Offering and International Offering") (but taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option), being 500,000,000 shares (representing approximately 9.07% of the number of the issued shares of the Company as at the date of this annual report), excluding for this purpose Shares which would have been issued on the exercise in full of options in accordance with the terms of the Share Option Scheme (or any other share option schemes of the Company, but not cancelled, lapsed or exercised). Subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may: (i) renew this limit at any time to 10% of the Shares in issue as of the date of the approval by the Shareholders in general meeting; and/or (ii) grant options beyond the 10% limit to Eligible Participants specifically identified by the Board.

Notwithstanding the foregoing, the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company at any time shall not exceed 30% of the Shares in issue from time to time. No further options shall be granted under any schemes of the Company (including the Share Option Scheme) if this will result in the 30% limit being exceeded. The maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditor of the Company or an approved independent financial adviser shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of the Company whether by way of consolidation, capitalization issue, rights issue, sub-division or reduction of the share capital of the Company but in no event shall exceed the limit prescribed in this paragraph.

4. **Maximum entitlement of each participant under the Share Option Scheme:**

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

(i) the issue of a circular by the Company containing the identity of the Eligible Participant, the numbers of and terms of the options to be granted (and options previously granted to such participant) the information as required under Rules 17.02(2)(d) and the disclaimer required under 17.02(4) of the Listing Rules; and

(ii) the approval of the shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his/her associates (as defined in the Listing Rules) abstaining from voting.

5. **The period within which the Share options must be exercised under the Share Option Scheme:**

An option may be exercised at any time during a period to be determined and notified by the Directors to each grantee, but shall not be more than 10 years from the date of grant of options subject to the provisions for early termination set out in the Share Option Scheme.

6. **The minimum period for which an option must be held before it can be exercised:**

There is no minimum period for which an option granted must be held before it can be exercised except otherwise imposed by the Directors.

7. **The basis of determining the exercise price:**

Determined by the Board but shall not be less than the highest of (i) the closing price of the ordinary Shares as stated in the Stock Exchange daily quotation sheets on the date of grant of options, which must be a trading day; (ii) the average of the closing price of the ordinary Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of options; and (iii) the nominal value of an ordinary Share.

8. The remaining life of the Share Option Scheme:

The Share Option Scheme will remain in force for a period of 10 years commencing from 18 November 2013.

Details of the share options granted under the Share Option Scheme during the year ended 31 December 2019 were as follows:

			Number of share options							
Name of Director	Date of grant	Exercise Price (HK$)	Outstanding as at 1 January 2019	Granted during this year	Exercised during this year	Cancelled/ Lapsed during this year	Outstanding as at 31 December 2019	Percentage of total issued share capital[1]	Exercise period	Closing price of the securities immediately before the date on which the options were offered (HK$)
Mr. Kei Hoi Pang	29 May 2014	2.34	6,560,000	–	(3,280,000)	–	3,280,000	0.060%	29 May 2014 to 28 May 2020[2]	2.34
	25 August 2017	7.43	8,000,000	–	–	–	8,000,000	0.145%	25 August 2017 to 24 August 2027[3]	7.34
Mr. Lai Zhuobin	29 May 2014	2.34	2,085,000	–	(1,042,500)	–	1,042,500	0.019%	29 May 2014 to 28 May 2020[2]	2.34
	25 August 2017	7.43	2,800,000	–	–	–	2,800,000	0.051%	25 August 2017 to 24 August 2027[3]	7.34
Mr. Xiao Xu	29 May 2014	2.34	2,235,000	–	(1,117,500)	–	1,117,500	0.020%	29 May 2014 to 28 May 2020[2]	2.34
	25 August 2017	7.43	2,800,000	–	–	–	2,800,000	0.051%	25 August 2017 to 24 August 2027[3]	7.34
Ms. Kei Perenna Hoi Ting	29 May 2014	2.34	1,025,000	–	(512,500)	–	512,500	0.009%	29 May 2014 to 28 May 2020[2]	2.34
	25 August 2017	7.43	1,800,000	–	–	–	1,800,000	0.033%	25 August 2017 to 24 August 2027[3]	7.34
Mr. Ji Jiande[7]	29 May 2014	2.34	4,920,000	–	(2,460,000)	–	2,460,000	0.045%	29 May 2014 to 28 May 2020[2]	2.34
	25 August 2017	7.43	6,400,000	–	–	–	6,400,000	0.116%	25 August 2017 to 24 August 2027[3]	7.34
Total number held by Directors	29 May 2014	2.34	16,825,000	–	(8,412,500)	–	8,412,500	0.153%	29 May 2014 to 28 May 2020[2]	2.34
	25 August 2017	7.43	21,800,000	–	–	–	21,800,000	0.396%	25 August 2017 to 24 August 2027[3]	7.34
Total number held by other participants	29 May 2014	2.34	58,326,000	–	(23,380,200)	(5,542,800)	29,403,000	0.534%	29 May 2014 to 28 May 2020[2]	2.34
	25 August 2017	7.43	37,144,000	–	–	(2,784,000)	34,360,000	0.624%	25 August 2017 to 24 August 2027[3]	7.34
	8 June 2018	12.50	46,223,000	–	–	(6,459,000)	39,764,000	0.723%	8 June 2018 to 7 June 2028[4]	12.44
	22 October 2018	7.64	36,400,000	–	–	(5,035,000)	31,365,000	0.570%	22 October 2018 to 21 October 2028[5]	7.33
	28 June 2019	12.64	–	10,500,000	–	(676,500)	9,823,500	0.179%	28 June 2019 to 27 June 2029[6]	12.56

Notes:

(1) The percentage is calculated based on the total number of 5,502,859,450 shares in issue as at 31 December 2019.

(2) The share options are exercisable within a period of 6 years from 29 May 2014 and subject to the following vesting schedule and performance review:

(i) the share options granted to the Directors and certain senior managers or above of the Group will be vested evenly over a period of 4 years starting from 29 May 2015 and ending on 28 May 2019; and

(ii) the share options granted to certain mid-level managers of the Group will be vested evenly over a period of 3 years starting from 29 May 2015 and ending on 28 May 2018.

(3) The share options are exercisable within a period of 10 years from 25 August 2017 and subject to the following vesting schedule and performance review:

(i) up to 25% of the share options granted after the expiration of 36 months from 25 August 2017;

(ii) up to another 25% of the share options granted after the expiration of 48 months from 25 August 2017;

(iii) up to another 25% of the share options granted after the expiration of 60 months from 25 August 2017; and

(iv) all the remaining share options granted after the expiration of 72 months from 25 August 2017.

(4) The share options are exercisable within a period of 10 years from 8 June 2018 and subject to the following vesting schedule and performance review:

(i) up to 33.3% of the share option granted to each grantee at any time after the expiration of 36 months from 8 June 2018;

(ii) up to 33.3% of the share option granted to each grantee at any time after the expiration of 48 months from 8 June 2018; and

(iii) the remaining of the share option granted to each grantee at any time after the expiration of 60 months from 8 June 2018.

(5) The share options are exercisable within a period of 10 years from 22 October 2018 and subject to the following vesting schedule and performance review:

(i) up to 33.3% of the share option granted to each grantee at any time after the expiration of 36 months from 22 October 2018;

(ii) up to 33.3% of the share option granted to each grantee at any time after the expiration of 48 months from 22 October 2018; and

(iii) the remaining of the share option granted to each grantee at any time after the expiration of 60 months from 22 October 2018.

(6) The share options are exercisable within a period of 10 years from 28 June 2019 and subject to the following vesting schedule and performance review:

(i) for some grantees, up to 33.3% of their share options granted at any time after the expiration of 36 months from the date of grant and up to 66.7% of their share options granted at any time after the expiration of 48 months from the date of grant; and

(ii) for the remaining grantees, up to 50% of their share options granted at any time after the expiration of 36 months from the date of grant and up to 50% of their share options granted at any time after the expiration of 48 months from the date of grant.

(7) Mr. Ji Jiande resigned as an executive Director and the chief executive officer of the Company with effect from 10 September 2019.

EQUITY-LINKED AGREEMENTS

Save as the Share Option Scheme, no equity-linked agreements were entered into by the Company during the year under review.

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

As at 31 December 2019, the interests and short positions of the Directors and chief executives of the Company in the share capital and underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(i) Interest in Shares of the Company

Name of Director	Nature of Interest	Number of Shares[1]	Underlying Shares Interested[2]	Aggregate interests	Approximate Percentage of Issued Share Capital[5]
Mr. Kei Hoi Pang	Beneficiary of a family trust[3]	3,401,600,000 (L)	–	3,401,600,000	61.82%
	Deemed interest[3]	851,281,250 (L)	–	851,281,250	15.47%
	Beneficial owner	8,200,000 (L)	11,280,000	19,480,000	0.35%
Ms. Kei Perenna Hoi Ting	Beneficiary of a family trust[4]	3,401,600,000 (L)	–	3,401,600,000	61.82%
	Interest of a controlled corporation[4]	850,000,000 (L)	–	850,000,000	15.45%
	Beneficial owner	1,281,250 (L)	2,312,500	3,593,750	0.07%
Mr. Lai Zhuobin	Beneficial owner	2,606,250 (L)	3,842,500	6,448,750	0.12%
Mr. Xiao Xu	Beneficial owner	2,793,750 (L)	3,917,500	6,711,250	0.12%

Notes:

(1) The letter "L" denotes the person's long position in the shares.

(2) The number of shares represents the shares in which the directors are deemed to be interested as a result of holding share options.

(3) Mr. Kei Hoi Pang is a beneficiary of the family trust, and therefore interested in the shares held through Junxi Investments Limited. He is also considered to be interested in the shares through Ms. Kei Perenna Hoi Ting as Ms. Kei Perenna Hoi Ting is being a person accustomed to act in accordance with Mr. Kei Hoi Pang's directions.

(4) Ms. Kei Perenna Hoi Ting is the settlor and a beneficiary of a family trust, and therefore interested in the shares held through Junxi Investments Limited. She is also indirectly interested in the Company through Dragon Jubilee Investments Limited, Gao Run Holdings Limited and Thrive Ally Limited, which owned collectively 15.45% equity interests in the Company.

(5) The percentage is calculated based on the total number of 5,502,859,450 Shares in issue as at 31 December 2019.

(ii) Interest in Associated Corporations of the Company

Name of Director	Name of Associated Corporations	Percentage of Shareholding Interest
Ms. Kei Perenna Hoi Ting[1]	Junxi Investments Limited	100%
	Dragon Jubilee Investments Limited	100%
	Gao Run Holdings Limited	100%
	Thrive Ally Limited	100%

Note:

(1) Mr. Kei Hoi Pang is a beneficiary of the family trust, and therefore interested in the Shares held through Junxi Investments Limited. He is also considered to be interested in the Shares through Ms. Kei Perenna Hoi Ting as Ms. Kei Perenna Hoi Ting is being a person accustomed to act in accordance with Mr. Kei Hoi Pang's directions.

(iii) Interest in Debentures of the Company

Name of Director	Capacity in which the debentures are held	Amount of debentures (in US$)
Ms. Kei Hoi Pang	Interest of controlled corporation[1]	20,000,000[2]
	Interest of controlled corporation[1]	30,000,000[3]
Mr. Zhang Huaqiao	Beneficial owner	300,000[4]

Notes:

(1) The entire issued share capital of Victorious City Investments Limited, the company which directly holds the debentures, is directly owned by Mr. Kei Hoi Pang.

(2) The US$20,000,000 debentures held by Mr. Kei Hoi Pang represents his interest in the US$450,000,000 5.25% senior notes due 2023 issued by the Company.

(3) The US$30,000,000 debentures held by Mr. Kei Hoi Pang represents his interest in the US$200,000,000 5.75% senior notes due 2022 issued by the Company.

(4) The US$300,000 debentures held by Mr. Zhang Huaqiao represents his interest in the US$400,000,000 6.875% senior notes due 2021 issued by the Company.

Save as disclosed above, as at 31 December 2019, none of the Directors and chief executives of the Company had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 31 December 2019, the following interests and short positions of 5% or more of the issued share capital and share options of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Nature of Interest	Number of Shares(1)	Approximate Percentage of the Company's Issued Share Capital(5)
Mr. Kei Hoi Pang	Beneficiary of a family trust, Deemed interest(2)	4,252,881,250 (L)	77.28%
	Beneficial owner	19,480,000 (L)	0.35%
Ms. Kei Perenna Hoi Ting	Beneficiary of a family trust, Interest of controlled corporations(3)	4,251,600,000 (L)	77.26%
	Beneficial owner	3,593,750 (L)	0.07%
Brock Nominees Limited(4)	Nominee	3,401,600,000 (L)	61.82%
Credit Suisse Trust Limited(4)	Trustee	3,401,600,000 (L)	61.82%
Junxi Investments Limited(4)	Beneficial owner	3,401,600,000 (L)	61.82%
Kei Family United Limited(4)	Interest of a controlled corporation	3,401,600,000 (L)	61.82%
Tenby Nominees Limited(4)	Nominee	3,401,600,000 (L)	61.82%
Dragon Julibee Investments Limited	Beneficial owner	425,000,000 (L)	7.72%

Notes:

(1) The letter "L" denotes the person's long position in shares.

(2) Mr. Kei Hoi Pang who is a beneficiary of the family trust, and therefore interested in the shares of the Company through Junxi Investments Limited. Mr. Kei Hoi Pang is also considered to be interested in the Shares through Ms. Kei Perenna Hoi Ting as Ms. Kei Perenna Hoi Ting is being a person accustomed to act in accordance with Mr. Kei Hoi Pang's directions.

(3) Ms. Kei Perenna Hoi Ting is the settlor and a beneficiary of a family trust, and therefore interested in Shares held through Junxi Investments Limited. She is also indirectly interested in the Company through Dragon Julibee Investments Limited, Gao Run Holdings Limited and Thrive Ally Limited, which owned collectively 15.45% interests in the Company.

(4) The family trust is interested in the entire interest of Kei Family United Limited which in turns hold the entire interest in Junxi Investments Limited. Kei Family United Limited is owned as to 50% by each of Brock Nominees Limited and Tenby Nominees Limited, which hold the shares on behalf of Credit Suisse Trust Limited as trustee.

(5) The percentage is calculated based on the total number of 5,502,859,450 Shares in issue as at 31 December 2019.

Save as disclosed above, as at 31 December 2019, no person, other than the Directors and chief executives of the Company, whose interests are set out in the section headed "Directors' and Chief Executives' Interests and/or Short Positions in Shares, Underlying Shares or Debentures of the Company or any of its Associated Corporations" of this annual report above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

MAJOR SUPPLIERS AND CUSTOMERS

For the year ended 31 December 2019, no sales to the Group's five largest customers and purchases from the Group's five largest suppliers accounted for 30% or more of the total sales for the year and of the total purchases for the year, respectively.

None of the Directors, their close associates or any shareholders (according to the knowledge of the Directors owns more than 5% of the Company's share capital) had any interest in the major suppliers of customers noted above.

CONTINUING CONNECTED TRANSACTIONS

Details of the continuing connected transactions of the Company during the year ended 31 December 2019 are as follows:

2017 Master Pre-delivery Property Service Agreement

On 13 June 2017, Shenzhen Logan Holdings Co., Ltd.* (深圳市龍光控股有限公司) ("Shenzhen Logan"), a wholly-owned subsidiary of the Company, entered into the master pre-delivery property service agreement (the "2017 Master Pre-delivery Property Service Agreement") with Logan Foundation Group Co., Ltd.* (龍光交通集團有限公司, formerly known as 龍光基業集團有限公司) ("Logan Foundation") pursuant to which Shenzhen Logan has agreed to provide, and procure its subsidiaries to provide, pre-delivery property service, including, but not limited to, construction services, design services and management services (the "Pre-delivery Property Service"), to Logan Foundation and its subsidiaries at the pre-delivery stages for a term commencing from the date of the Master Pre-delivery Property Service Agreement and ended on 31 December 2019 (both days inclusive), and subject to an annual cap of RMB500,000,000 for each of the three years ended on 31 December 2019.

The above annual caps for the Pre-delivery Property Service were determined by reference to: (i) the historical transaction amounts payable by Logan Foundation to the Group for the three financial years ended 31 December 2016 and the four-month period from 1 January 2017 and ended 30 April 2017; and (ii) the expected amount of service fees payable to Shenzhen Logan for the provision of Pre-delivery Property Service with reference to (a) the anticipated increases in demand of Pre-delivery Property Service required by Logan Foundation during the term of the Master Pre-delivery Property Service Agreement taking into account of the number of property development projects of Logan Foundation in the PRC and the expected area to be completed for each year during the term of the Master Pre-delivery Property Service Agreement; and (b) the unit price per square meter as agreed from time to time.

As Logan Foundation is effectively held as to 47% by Mr. Kei Hoi Pang. Mr. Kei Hoi Pang is an executive director and the chairman of the Company. Logan Foundation is hence a connected person of the Company pursuant to the Listing Rules. Accordingly, the transactions contemplated under the 2017 Master Pre-delivery Property Service Agreement constitutes continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

* For identification purposes only

Details of the 2017 Master Pre-delivery Property Service Agreement are set out in the announcement of the Company dated 13 June 2017.

The Company has complied with the disclosure requirements as prescribed in Chapter 14A of the Listing Rules with respect to the above continuing connected transactions of the Group.

All independent non-executive Directors have reviewed the above continuing connected transactions, and confirmed that those transactions were entered into:

1. in the ordinary and usual course of business of the Group;

2. under normal commercial terms, or on terms better than terms available to or from independent third parties; and

3. in accordance with the agreements governing the above continuing connected transactions, the terms of which are fair and reasonable and in the interests of the Shareholders as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

Based on the work performed, the auditor of the Company confirmed to the Board that the aforesaid continuing connected transactions:

1. have been approved by the Board;

2. are in accordance with the pricing policy of the Group;

3. have been entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and

4. have not exceeded the relevant caps allowed by the Stock Exchange and as stated in the announcement.

Pursuant to Rule 14A.56 of the Listing Rules, the auditor has issued an unqualified letter containing their conclusions in respect of the continuing connected transactions of the Group. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Save as otherwise disclosed, there are no related party transactions disclosed in note 42 to the financial statements which constitutes a connected transaction or continuing connected transaction which should be disclosed pursuant to Rules 14A.49 and 14A.71 of the Listing Rules during the year ended 31 December 2019.

SUFFICIENCY OF PUBLIC FLOAT

Rule 8.08(1)(a) of the Listing Rules requires there to be an open market in the securities to be maintained. This normally means that at least 25% of an issuer's total issued share capital must at all times be held by the public. However, Rule 8.08(1)(d) of the Listing Rules provides that the Stock Exchange may, at its discretion, accept a lower percentage of between 15% and 25%, if the issuer meets the following requirements under Rule 8.08(1)(d) of the Listing Rules:

(a) the issuer will have an expected market capitalization at the time of listing of over HK$10.0 billion;

(b) the number of securities concerned and the extent of their distribution would enable the market to operate properly with a lower percentage;

(c) the issuer will make appropriate disclosure of the lower prescribed percentage of public float in the initial listing documents;

(d) the issuer will confirm the sufficiency of the public float in successive annual reports after listing; and

(e) a sufficient portion (to be agreed in advance with the Stock Exchange) of any securities intended to be marketed contemporaneously within and outside Hong Kong must normally be offered in Hong Kong.

The Stock Exchange had granted a waiver under Rule 8.08(1)(d) of the Listing Rules to accept a lower public float percentage of 15% (or a higher percentage upon exercise of the over-allotment option as defined in the Company's prospectus dated 10 December 2013) of the Company's issued share capital (the "Company's Minimum Public Float") subject to:

(i) the Company's Minimum Public Float upon the listing date was 15%;

(ii) the sponsor and the Company were able to demonstrate satisfactory compliance with Rules 8.08(2) and 8.08(3) of the Listing Rules at the time of the listing;

(iii) the Company has implemented appropriate measures and mechanisms to ensure continual maintenance of the minimum percentage of public float; and

(iv) the Company has made appropriate disclosure of the lower prescribed percentage of public float in the Company's prospectus dated 10 December 2013 and confirms sufficiency of public float as at the date of this annual report.

Based on the information that is publicly available to the Company and within the knowledge of the Directors, throughout the year ended 31 December 2019 and as at the date of this annual report, the Company has maintained sufficient public float as required under the Listing Rules.

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report contained on pages 35 to 46 of this annual report.

AUDITOR

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

PROFESSIONAL TAX ADVICE RECOMMENDED

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

On behalf of the Board
Logan Property Holdings Company Limited

Kei Hoi Pang
Chairman

27 March 2020

Independent Auditor's Report

EY安永

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

OPINION

We have audited the consolidated financial statements of Logan Property Holdings Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 71 to 185 which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

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

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties and inventory properties acquired through business combinations	
As at 31 December 2019, the Group held investment properties with a carrying amount of RMB26,604 million representing 13% of the total assets of the Group. In addition, the Group acquired property projects with investment properties of RMB5,584 million and inventory properties of RMB30,630 million through business combinations during the current year. The Group has engaged external valuers to determine the fair value of the investment properties at the end of the reporting period and the fair values of the investment properties and the inventory properties at the date of acquisitions. We identified this as a key audit matter because the carrying amounts of the investment properties and the properties acquired through business combinations are significant to the Group and significant estimations are involved in determining their fair values. The determination of valuation models adopted also involved significant judgements. Related disclosures are included in notes 3, 4, 16 and 35(b)(i) to the consolidated financial statements.	We evaluated the objectivity, independence and competence of the external valuers engaged by the management of the Group. We also involved our internal valuation specialists to assist us with our audit in evaluating the valuations models, assumptions and parameters adopted in the valuation. We compared the valuation of managements' external valuer to the range provided by our internal valuation specialists. We also evaluated the significant inputs to the valuation used.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Recoverability of receivables from joint ventures and associates	
As at 31 December 2019, the Group had receivables from joint ventures and associates amounting to RMB19,084 million and RMB4,280 million, respectively. The aggregate amount of RMB23,364 million represented 11% of the total assets of the Group as at 31 December 2019 and is significant to the consolidated financial statements. The measurement of impairment losses under HKFRS 9 requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, such as risk of default, loss given default and collateral recovery, changes in which can result in different levels of allowances. The Group's expected credit loss calculations on receivables from joint ventures and associates are based on assumptions about risk of default and loss given default. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculations, based on credit risk of the debtors or comparable companies in the market, existing market conditions as well as forward looking estimates at the end of each reporting period. The Group has engaged external valuers to determine the expected credit loss for receivables from joint ventures and associates at the end of the reporting period. We identified this as a key audit matter because the carrying amount of the receivables from joint ventures and associates is significant to the Group and significant estimation and judgement are required by management to assess the recoverability of these receivables from joint ventures and associates. Related disclosures are included in notes 3, 4, 18, 19 and 21 to the consolidated financial statements.	We evaluated management's assessment on the recoverability of or the expected credit losses for balances by performing the following procedures: — We discussed with management to gain an understanding of the purpose and background of the underlying investments made by the joint ventures and associates. — We examined the cooperation contracts and agreements for the projects acquired and title documents of the underlying assets acquired by the joint ventures and associates. — We reviewed the valuation reports or investment return analyses of the projects acquired and evaluated the key estimates and assumptions adopted in the valuation reports or investment return analyses. — We examined supporting documents for significant payments made by the joint ventures and associates and obtained direct confirmations from joint ventures and associates on the balance of receivables. — We inspected the title documents of land or development right agreements held by the joint ventures and associates. — We performed site visit to evaluate the status of construction and existence of projects. — We evaluated the impairment assessment of the receivables from joint ventures and associates made by management. — We involved our internal specialists to assist us to evaluate the assumptions and other inputs including probability of default, loss given default and forward looking element in determining the expected credit loss on receivables from joint ventures and associates.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Chow Chi Chung.

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong
27 March 2020

Consolidated Statement of Profit or Loss

Year ended 31 December 2019

	Notes	2019 RMB'000	2018 RMB'000
REVENUE	6	**57,480,418**	44,136,908
Cost of sales		**(39,347,437)**	(29,250,015)
Gross profit		**18,132,981**	14,886,893
Other income and gains	6	**2,130,113**	1,368,665
Other expenses	7	**(115,456)**	(56,655)
Selling and marketing expenses		**(1,398,172)**	(1,231,356)
Administrative expenses		**(1,409,352)**	(1,133,851)
Net increase in fair value of investment properties	16	**1,622,065**	1,740,726
Net increase in fair value of derivative financial instruments		**32,683**	45,970
Share of losses of associates		**(63,400)**	(42,958)
Share of losses of joint ventures		**(112,960)**	(141,431)
PROFIT FROM OPERATIONS		**18,818,502**	15,436,003
Finance costs	8	**(1,366,250)**	(1,416,943)
PROFIT BEFORE TAX	9	**17,452,252**	14,019,060
Income tax expense	12	**(5,888,994)**	(5,023,154)
PROFIT FOR THE YEAR		**11,563,258**	8,995,906
Attributable to:			
Owners of the parent		**11,269,044**	8,288,398
Non-controlling interests		**294,214**	707,508
		11,563,258	8,995,906
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (RMB cents)	14		
Basic		**202.24**	147.95
Diluted		**199.36**	145.69

Consolidated Statement of Comprehensive Income

Year ended 31 December 2019

	2019 RMB'000	2018 RMB'000
PROFIT FOR THE YEAR	**11,563,258**	8,995,906
OTHER COMPREHENSIVE INCOME FOR THE YEAR (after tax and reclassification adjustments)		
Item that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements of group entities	**23,451**	(283,783)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**11,586,709**	8,712,123
Attributable to:		
Owners of the parent	**11,292,495**	8,004,615
Non-controlling interests	**294,214**	707,508
	11,586,709	8,712,123

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2019

	Notes	2019 RMB'000	2018 RMB'000
NON-CURRENT ASSETS			
Investment properties	16	**26,604,198**	18,338,011
Other property, plant and equipment	15	**891,954**	176,014
Deferred tax assets	29	**914,263**	649,725
Investments in associates	18	**3,460,487**	1,447,180
Investments in joint ventures	19	**13,934,196**	18,042,573
Assets under cross-border guarantee arrangements	22	**—**	526,335
Cash and bank balances	23	**980,543**	274,350
Total non-current assets		**46,785,641**	39,454,188
CURRENT ASSETS			
Inventories	20	**86,351,810**	54,780,698
Trade and other receivables, prepayments and other assets	21	**31,327,794**	37,816,369
Tax recoverable		**1,254,170**	773,299
Assets under cross-border guarantee arrangements	22	**566,140**	1,827,322
Cash and bank balances	23	**39,724,570**	35,442,801
Total current assets		**159,224,484**	130,640,489
CURRENT LIABILITIES			
Trade and other payables	24	**56,166,909**	47,449,771
Contract liabilities	25	**26,030,052**	16,784,879
Liabilities under cross-border guarantee arrangements	22	**921,994**	2,515,233
Bank and other loans	26	**9,443,571**	7,826,892
Senior notes	27	**3,128,150**	—
Other current liabilities	28	**17,024,670**	9,402,649
Tax payable		**6,381,743**	4,559,087
Total current liabilities		**119,097,089**	88,538,511
NET CURRENT ASSETS		**40,127,395**	42,101,978
TOTAL ASSETS LESS CURRENT LIABILITIES		**86,913,036**	81,556,166

Consolidated Statement of Financial Position
31 December 2019

	Notes	2019 RMB'000	2018 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**86,913,036**	81,556,166
NON-CURRENT LIABILITIES			
Liabilities under cross-border guarantee arrangements	22	**–**	526,335
Bank and other loans	26	**13,503,512**	11,966,970
Senior notes	27	**18,195,653**	16,764,667
Corporate bonds	28	**8,382,000**	12,980,000
Deferred tax liabilities	29	**3,837,852**	2,572,408
Total non-current liabilities		**43,919,017**	44,810,380
Net assets		**42,994,019**	36,745,786
EQUITY			
Equity attributable to owners of the parent			
Share capital	30	**435,167**	434,041
Perpetual capital securities	32	**2,363,346**	2,363,346
Reserves	33	**31,395,904**	26,451,419
		34,194,417	29,248,806
Non-controlling interests		**8,799,602**	7,496,980
Total equity		**42,994,019**	36,745,786

Lai Zhuobin
Director

Xiao Xu
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2019

	Attributable to owners of the parent										
	Share capital RMB'000 (note 30)	Share premium RMB'000 (note 33(i))	Share-based compensation reserve RMB'000 (note 31)	Exchange reserve RMB'000 (note 33(ii))	PRC statutory reserves RMB'000 (note 33(iii))	Other reserve RMB'000	Retained profits RMB'000	Perpetual capital securities RMB'000 (note 32)	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2019	434,041	–*	88,205*	(326,960)*	1,117,742*	538,543*	25,033,889*	2,363,346	29,248,806	7,496,980	36,745,786
Profit for the year	–	–	–	–	–	–	11,269,044	–	11,269,044	294,214	11,563,258
Other comprehensive income –											
Exchange differences on translation of financial statements of group entities	–	–	–	23,451	–	–	–	–	23,451	–	23,451
Total comprehensive income for the year	–	–	–	23,451	–	–	11,269,044	–	11,292,495	294,214	11,586,709
Transfer to PRC statutory reserves	–	–	–	–	161,480	–	(161,480)	–	–	–	–
Repurchase and cancellation of own shares	(1,682)	(90,022)	–	–	–	–	(81,298)	–	(173,002)	–	(173,002)
2018 final and special dividends declared	–	–	–	–	–	–	(2,313,041)	–	(2,313,041)	–	(2,313,041)
2019 interim and special dividends declared	–	–	–	–	–	–	(1,786,604)	–	(1,786,604)	–	(1,786,604)
Issuance of shares in connection with the exercise of share options	2,808	90,022	(29,823)	–	–	–	–	–	63,007	–	63,007
Equity-settled share-based transactions	–	–	57,659	–	–	–	–	–	57,659	–	57,659
Effect of forfeited share options	–	–	(11,141)	–	–	–	11,141	–	–	–	–
Dividends declared to non-controlling shareholders	–	–	–	–	–	–	–	–	–	(302,940)	(302,940)
Deemed disposal of subsidiaries	–	–	–	–	–	(114,875)	–	–	(114,875)	–	(114,875)
Acquisition of additional interests in subsidiaries	–	–	–	–	–	(1,927,171)	–	–	(1,927,171)	(3,500,000)	(5,427,171)
Capital contribution from non-controlling shareholders	–	–	–	–	–	14,296	–	–	14,296	4,811,348	4,825,644
Distribution to holders of perpetual capital securities	–	–	–	–	–	–	(167,153)	–	(167,153)	–	(167,153)
At 31 December 2019	435,167	–*	104,900*	(303,509)*	1,279,222*	(1,489,207)*	31,804,498*	2,363,346	34,194,417	8,799,602	42,994,019

Consolidated Statement of Changes in Equity
Year ended 31 December 2019

	Attributable to owners of the parent										
	Share capital RMB'000 (note 30)	Share premium RMB'000 (note 33(i))	Share-based compensation reserve RMB'000 (note 31)	Exchange reserve RMB'000 (note 33(ii))	PRC statutory reserves RMB'000 (note 33(iii))	Other reserve RMB'000	Retained profits RMB'000	Perpetual capital securities RMB'000 (note 32)	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2018	433,828	–	89,148	(43,177)	921,664	116,307	19,425,105	2,363,346	23,306,221	3,857,588	27,163,809
Profit for the year	–	–	–	–	–	–	8,288,398	–	8,288,398	707,508	8,995,906
Other comprehensive income –											
Exchange differences on translation of financial statements of group entities	–	–	–	(283,783)	–	–	–	–	(283,783)	–	(283,783)
Total comprehensive income for the year	–	–	–	(283,783)	–	–	8,288,398	–	8,004,615	707,508	8,712,123
Transfer to PRC statutory reserves	–	–	–	–	196,078	–	(196,078)	–	–	–	–
Repurchase and cancellation of own shares	(1,339)	(50,033)	–	–	–	–	(63,383)	–	(114,755)	–	(114,755)
2017 final and special dividends declared	–	–	–	–	–	–	(914,828)	–	(914,828)	–	(914,828)
2018 interim and special dividends declared	–	–	–	–	–	–	(1,346,229)	–	(1,346,229)	–	(1,346,229)
Issuance of shares in connection with the exercise of share options	1,552	50,033	(14,824)	–	–	–	–	–	36,761	–	36,761
Equity-settled share-based transactions	–	–	20,963	–	–	–	–	–	20,963	–	20,963
Effect of forfeited share options	–	–	(7,082)	–	–	–	7,082	–	–	–	–
Dividends declared to non-controlling shareholders	–	–	–	–	–	–	–	–	–	(121,500)	(121,500)
Deemed disposal of subsidiaries	–	–	–	–	–	133,095	(18,221)	–	114,874	–	114,874
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	47,383	47,383
Acquisition of additional interests in subsidiaries	–	–	–	–	–	185,887	–	–	185,887	(3,890,745)	(3,704,858)
Capital contribution from non-controlling shareholders	–	–	–	–	–	103,254	–	–	103,254	6,896,746	7,000,000
Distribution to holders of perpetual capital securities	–	–	–	–	–	–	(147,957)	–	(147,957)	–	(147,957)
At 31 December 2018	434,041	–*	88,205*	(326,960)*	1,117,742*	538,543*	25,033,889*	2,363,346	29,248,806	7,496,980	36,745,786

* These reserve accounts comprise the consolidated reserves of RMB31,395,904,000 (2018: RMB26,451,419,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2019

	Notes	2019 RMB'000	2018 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**17,452,252**	14,019,060
Adjustments for:			
Interest income	6	**(1,158,274)**	(1,013,967)
Finance costs	8	**1,366,250**	1,416,943
Depreciation	9	**60,590**	57,295
Net loss on disposal of items of other property, plant and equipment	9	**234**	3
Premium on early redemption of senior notes	7	**53,328**	—
Share of losses of joint ventures		**112,960**	141,431
Share of losses of associates		**63,400**	42,958
Net increase in fair value of investment properties	16	**(1,622,065)**	(1,740,726)
Net increase in fair value of derivative financial instruments		**(32,683)**	(46,205)
Gain on bargain purchase	35(b)	**(351,316)**	(38)
Gain on remeasurement of pre-existing interests in joint ventures and an associate	35(b)	**(246,349)**	(47,384)
Gain on deemed disposal of subsidiaries upon loss of control, net	36	**(89,913)**	(188,368)
Equity-settled share-based transactions	9	**57,659**	20,963
		15,666,073	12,661,965
Increase in inventories and land deposits		**(8,852,189)**	(2,713,760)
Increase in trade and other receivables, prepayments and other assets		**(1,262,315)**	(5,462,668)
Increase/(decrease) in trade and other payables		**17,266,169**	(14,336,249)
(Decrease)/increase in contract liabilities		**(14,147,434)**	16,784,879
Cash generated from operations		**8,670,304**	6,934,167
Tax paid		**(2,798,216)**	(2,365,717)
Net cash flows from operating activities		**5,872,088**	4,568,450

Consolidated Statement of Cash Flows
Year ended 31 December 2019

	Notes	2019 RMB'000	2018 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**861,058**	595,912
Addition to investment properties	16	**(1,026,693)**	(906,514)
Addition to other property, plant and equipment	15	**(77,322)**	(52,019)
Deemed disposal of subsidiaries	36	**(1,840,973)**	(1,036,835)
Acquisition of subsidiaries that are not a business	35(a)	**(3,185,147)**	148,226
Acquisition of subsidiaries	35(b)	**5,937,074**	2,688,973
Investments in joint ventures		**(1,381,279)**	(111,500)
Investments in associates		**(1,684,488)**	(20,000)
Repayment from/(advances to) joint ventures		**18,465,669**	(18,980,006)
Advances to associates		**(1,210,915)**	(1,639,228)
Acquisition of a subsidiary in prior year		**(7,542,163)**	—
Proceeds from disposal of investment properties		**10,418**	—
Proceeds from disposal of other property, plant and equipment		**738**	1,979
Decrease/(increase) in restricted and pledged deposits		**3,875,814**	(4,734,896)
Increase in non-current unpledged time deposits		**(711,000)**	—
Net cash flows from/(used in) investing activities		**10,490,791**	(24,045,908)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		**(4,099,764)**	(2,497,094)
Proceeds from bank and other loans		**12,447,243**	17,925,640
Repayment of bank and other loans		**(15,229,293)**	(14,579,569)
Proceeds from issuance of senior notes		**5,652,117**	10,096,410
Repayment of senior notes		**(1,786,361)**	(3,108,477)
Proceeds from issuance of corporate bonds		**5,010,000**	8,490,000
Repayment of corporate bonds		**(4,280,449)**	(20,000)
(Repayment of)/proceeds from cross-border guarantee arrangements		**(2,119,574)**	687,911
Premium paid on early redemption of senior notes		**(53,328)**	—
Proceeds from issuance of shares in connection with the exercise of share options		**63,007**	36,761
Repurchase of own shares		**(173,002)**	(114,755)
(Repayment to)/advances from non-controlling shareholders/ former non-controlling shareholders		**(4,754,577)**	10,590,550
Repayment to joint ventures		**(4,090,395)**	(926,526)
Advances from associates		**339,481**	—
Capital contribution from non-controlling shareholders		**4,825,644**	7,000,000
Payments for acquisition of non-controlling interests		**(1,000,000)**	(3,621,778)
Dividends paid to non-controlling shareholders		**(302,940)**	(121,500)
Proceeds from loans from a non-controlling shareholder		**13,000**	94,000
Distribution paid to holders of perpetual capital securities		**(167,153)**	(147,957)
Dividends paid to ordinary equity shareholders of the Company		**(979,211)**	(1,515,782)
Net cash flows (used in)/from financing activities		**(10,685,555)**	28,267,834

Consolidated Statement of Cash Flows
Year ended 31 December 2019

	Note	2019 RMB'000	2018 RMB'000
NET INCREASE IN CASH AND CASH EQUIVALENTS		**5,677,324**	8,790,376
Cash and cash equivalents at beginning of year		**28,452,462**	19,878,192
Effect of foreign exchange rate changes		**687,935**	(216,106)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**34,817,721**	28,452,462
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**32,937,529**	18,162,528
Non-pledged time deposits		**1,880,192**	10,289,934
Cash and cash equivalents as stated in the consolidated statement of cash flows and included in the consolidated statement of financial position	23	**34,817,721**	28,452,462

NOTES TO FINANCIAL STATEMENTS

31 December 2019

1. CORPORATE AND GROUP INFORMATION

Logan Property Holdings Company Limited (the "Company") is incorporated in the Cayman Islands as an exempted company with limited liability. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company and its subsidiaries (collectively referred to as the "Group") were principally engaged in property development, property investment, construction and decoration and primary land development in the People's Republic of China (the "PRC" or "Mainland China") during the year.

In the opinion of the directors, Junxi Investments Limited is the immediate holding company of the Company and the ultimate controlling party of the Company is Ms. Kei Perenna Hoi Ting, who is a non-executive director of the Company.

Information about subsidiaries

The following list contains particulars of the Company's principal subsidiaries. All of them are established in the PRC unless otherwise stated.

		Proportion of ownership interest			
Name of subsidiaries	Particulars of issued and paid-up capital	Group's effective interest	Held by the Company	Held by subsidiary	Principal activities
Logan Construction Co., Ltd.* (note) (龍光工程建設有限公司)	RMB80,000,000	91%	–	91%	Property construction
Shenzhen Logan Holdings Co., Ltd.*# (note) (深圳市龍光控股有限公司)	RMB443,000,000	100%	–	100%	Investment holding
Zhongshan Logan Property Co., Ltd.* (note) (中山市龍光房地產有限公司)	RMB30,000,000	100%	–	100%	Property development
Nanning Logan Property Development Co., Ltd.* (note) (南寧市龍光房地產開發有限公司)	RMB100,000,000	100%	–	100%	Property development and investment
Guangzhou Logan Property Co., Ltd.* (note) (廣州市龍光房地產有限公司)	RMB40,000,000	100%	–	100%	Property development and investment
Guangzhou Logan Realty Co., Ltd.* (note) (廣州市龍光置業有限公司)	RMB30,000,000	100%	–	100%	Property development
Huizhou Daya Bay Logan Property Co., Ltd.* (note) (惠州大亞灣龍光房地產有限公司)	RMB10,000,000	100%	–	100%	Property development
Shantou Logan Property Co., Ltd.* (note) (汕頭市龍光房地產有限公司)	RMB10,000,000	100%	–	100%	Property development

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

Name of subsidiaries	Particulars of issued and paid-up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiary	Principal activities
Zhuhai Logan Property Development Co., Ltd.* (note) (珠海市龍光房地產開發有限公司)	RMB30,000,000	100%	–	100%	Property development and investment
Foshan Shunde Logan Realty Co., Ltd.* (note) (佛山市順德區龍光置業房產有限公司)	RMB35,295,000	100%	–	100%	Property development
Huizhou Logan Property Co., Ltd.* (note) (惠州市龍光房地產有限公司)	RMB30,000,000	100%	–	100%	Property development
Dongguan Logan Property Co., Ltd.* (note) (東莞市龍光房地產有限公司)	RMB50,000,000	100%	–	100%	Property development
Shantou Jinfengyuan Realty Co., Ltd.* (note) (汕頭市金鋒園置業有限公司)	RMB66,000,000	100%	–	100%	Property development
Nanning Logan Jinjun Property Development Co., Ltd.* (note) (南寧市龍光金駿房地產開發有限公司)	RMB50,000,000	100%	–	100%	Property development and investment
Hainan Logan Property Development Co., Ltd.* (note) (海南龍光房地產開發有限公司)	RMB20,000,000	100%	–	100%	Property development
Chengdu Logan Property Co., Ltd.* (note) (成都市龍光房地產有限公司)	RMB10,000,000	100%	–	100%	Property development
Shantou Logan Realty Co., Ltd.* (note) (汕頭市龍光置業有限公司)	RMB33,000,000	100%	–	100%	Property development and investment
Shantou Jiarun Property Co., Ltd.* (note) (汕頭市佳潤房地產有限公司)	RMB50,000,000	100%	–	100%	Property development
Hainan Jinjun Realty Co., Ltd.* (note) (海南金駿置業有限公司)	RMB351,800,000	100%	–	100%	Property development
Foshan Shancheng Logan Property Co., Ltd.* (note) (佛山市禪城區龍光房地產有限公司)	RMB10,500,000	100%	–	100%	Property development
Nanning Logan Bojun Property Development Co., Ltd.* (note) (南寧市龍光鉑駿房地產開發有限公司)	RMB700,000,000	100%	–	100%	Property development

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

		Proportion of ownership interest			
Name of subsidiaries	Particulars of issued and paid-up capital	Group's effective interest	Held by the Company	Held by subsidiary	Principal activities
Chengdu Logan Jinjun Realty Co., Ltd.* (note) (成都市龍光金駿置業有限公司)	RMB10,000,000	100%	–	100%	Property development
Chengdu Logan Donghua Property Development Co., Ltd.* (note) (成都市龍光東華房地產開發有限公司)	RMB558,059,600	100%	–	100%	Property development
Shantou Weida Property Co., Ltd.*# (note) (汕頭市偉達房地產有限公司)	RMB54,200,441	100%	–	100%	Property development
Shenzhen Logan Dongzhen Realty Co., Ltd.* (note) (深圳市龍光東圳置業有限公司)	RMB30,000,000	100%	–	100%	Investment holding
Huizhou Daya Bay Dongzhen Property Co., Ltd.* ("Huizhou Dongzhen") (note) (惠州大亞灣東圳房地產有限公司)	RMB100,000,000	82%	–	82%	Property development and investment
Shenzhen Logan Property Co., Ltd.* (note) (深圳市龍光房地產有限公司)	RMB80,000,000	100%	–	100%	Property development and investment
Shenzhen Yongjing Decorating Construction Co., Ltd.* (note) (深圳市潤景裝飾工程有限公司)	RMB200,000,000	91%	–	100%	Provision of decoration services to joint ventures and associates
Shenzhen Logan Media Planning Co., Ltd.* (note) (深圳市龍光傳媒策劃有限公司)	RMB2,200,000	100%	–	100%	Provision of advertising services to joint ventures and associates
Nanning Logan Junchi Property Development Co., Ltd.* (note) (南寧市龍光駿馳房地產開發有限公司)	RMB35,000,000	100%	–	100%	Property development
Zhongshan Jinjun Property Co., Ltd.* (note) (中山市金駿房地產有限公司)	RMB10,000,000	100%	–	100%	Property development
Foshan Nanhai Logan Realty Co., Ltd.* (note) (佛山市南海區龍光置業房產有限公司)	RMB58,820,000	100%	–	100%	Property development

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

Name of subsidiaries	Particulars of issued and paid-up capital	Proportion of ownership interest: Group's effective interest	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by subsidiary	Principal activities
Shenzhen Logan Investment Consultancy Co., Ltd.* (note) (深圳市龍光投資顧問有限公司)	RMB10,000,000	100%	–	100%	Investment holding
Dongguan Logan Realty Co., Ltd.* (note) (東莞市龍光置業有限公司)	RMB10,500,000	100%	–	100%	Property development
Shantou Logan Jinjun Property Co., Ltd.* (note) (汕頭市龍光金駿房地產有限公司)	RMB50,000,000	100%	–	100%	Property development
Zhongshan Junchi Property Co., Ltd.* (note) (中山市駿馳房地產有限公司)	RMB10,500,000	100%	–	100%	Property development
Foshan Runjing Property Co., Ltd.* (note) (佛山市順德區龍光潤景房地產有限公司)	RMB50,000,000	100%	–	100%	Property development
Foshan Logan Realty Co., Ltd.* (note) (佛山市龍光置業房產有限公司)	RMB10,500,000	100%	–	100%	Property development
Shenzhen Jinjun Property Co., Ltd.* (note) (深圳市金駿房地產有限公司)	RMB198,000,000	100%	–	100%	Property development
Guilin Logan Bojun Property Development Co., Ltd.* (note) (桂林市龍光鉑駿房地產開發有限公司)	RMB50,000,000	100%	–	100%	Property development
Haikou Logan Property Development Co., Ltd.* (note) (海口市龍光房地產開發有限公司)	RMB102,500,000	100%	–	100%	Property development
Shenzhen Logan Junchi Property Development Co., Ltd.* (note) (深圳市龍光駿馳房地產開發有限公司)	RMB5,000,000	51%	–	51%	Property development
Foshan Logan Sunshine Seaward Property Co., Ltd.* (note) (佛山市龍光陽光海岸房地產有限公司)	RMB50,000,000	66%	–	66%	Property development
Guangxi King Kerry Realty Co., Ltd.* (note) (廣西金凱利置業有限公司)	US$18,000,000	95%	–	95%	Property development

Notes to Financial Statements
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1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

		Proportion of ownership interest			
Name of subsidiaries	Particulars of issued and paid-up capital	Group's effective interest	Held by the Company	Held by subsidiary	Principal activities
Zhuhai Junjing Property Development Co., Ltd.* (note) (珠海市駿景房地產開發有限公司)	RMB10,000,000	100%	–	100%	Property development
Shantou Logan Runjing Property Co., Ltd.* (note) (汕頭市龍光潤璟房地產有限公司)	RMB50,000,000	100%	–	100%	Property development
Nanning Logan Mingjun Property Development Co., Ltd.* (note) (南寧市龍光銘駿房地產開發有限公司)	RMB50,000,000	100%	–	100%	Property development
Shenzhen Logan Junjing Property Development Co., Ltd.* ("Shenzhen Logan Junjing") (note) (深圳市龍光駿景房地產開發有限公司)	RMB100,000,000	100%	–	100%	Property development
Shenzhen Junteng Realty Co., Ltd.* (note) (深圳市駿騰置業有限公司)	RMB10,500,000	100%	–	100%	Property development
Zhuhai Junchi Property Development Co., Ltd.* (note) (珠海市駿馳房地產開發有限公司)	RMB10,000,000	100%	–	100%	Property development
Shenzhen Logan Junfei Realty Co., Ltd.* (note) (深圳市龍光駿飛置業有限公司)	RMB10,000,000	100%	–	100%	Property development
Shenzhen Logan Junyu Property Development Co., Ltd.* (note) (深圳市龍光駿譽房地產開發有限公司)	RMB10,000,000	100%	–	100%	Property development
Huizhou Logan Junjing Property Co., Ltd.* (note) (惠州市龍光駿景房地產有限公司)	RMB10,000,000	100%	–	100%	Property development and investment
Huizhou Logan Jinjun Property Co., Ltd.* (note) (惠州市龍光金駿房地產有限公司)	RMB10,000,000	100%	–	100%	Property development
Beijing Runjing Property Development Co., Ltd.* (note) (北京潤璟房地產開發有限公司)	RMB5,000,000	100%	–	100%	Property development
Shenzhen Logan Bojun Property Co., Ltd.* (note) (深圳市龍光鉑駿房地產有限公司)	RMB10,000,000	100%	–	100%	Property development

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

Name of subsidiaries	Particulars of issued and paid-up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiary	Principal activities
Shanghai Logan Property Co., Ltd.* (note) (上海市龍光房地產有限公司)	RMB10,000,000	100%	–	100%	Property development
Nanning Logan Jiarun Property Development Co., Ltd.* (note) (南寧市龍光佳潤房地產開發有限公司)	RMB50,000,000	100%	–	100%	Property development
Foshan Shanhu Electric Company Ltd.* (note) (佛山市山湖電器有限公司)	RMB170,637,644	100%	–	100%	Primary land development
Foshan Logan Junjing Property Co., Ltd.*@ ("Foshan Logan Junjing") (note) (佛山市龍光駿景房地產有限公司)	RMB21,000,000	50%	–	50%	Property development
Huizhou Boshen Property Co., Ltd.* (note) (惠州市鉑紳房地產有限公司)	RMB10,000,000	51%	–	51%	Property development
Liuzhou Logan Mingjun Property Development Co., Ltd.* (note) (柳州市龍光銘駿房地產開發有限公司)	RMB102,040,000	100%	–	100%	Property development
Chengdu Zhonghui Investment Co., Ltd.* (note) (成都中暉投資有限公司)	RMB1,000,000	100%	–	100%	Property development
Shantou Logan Hongsheng Property Development Co., Ltd.* (note) (汕頭市龍光宏盛房地產有限公司)	RMB100,000,000	100%	–	100%	Property development
Shantou Logan Junyu Property Development Co., Ltd.* (note) (汕頭市龍光駿譽房地產有限公司)	RMB100,000,000	100%	–	100%	Property development
Shantou Logan Hongbo Property Development Co., Ltd.* (note) (汕頭市龍光宏博房地產有限公司)	RMB100,000,000	100%	–	100%	Property development
Zhongshan Haixin Property Co., Ltd.* (note) (中山市海心置業有限公司)	RMB224,624,902	100%	–	100%	Property development

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

		Proportion of ownership interest			
Name of subsidiaries	Particulars of issued and paid-up capital	Group's effective interest	Held by the Company	Held by subsidiary	Principal activities
Shenzhen Kaifung Industrial Co., Ltd.* ("Shenzhen Kaifung") (note) (深圳市凱豐實業有限公司)	RMB15,000,000	100%	–	100%	Property development
Runjing Printing (Shenzhen) Company Ltd.* ("Runjing Printing") (note) (潤璟印刷(深圳)有限公司)	RMB133,224,082	100%	–	100%	Primary land development
Nanning Logan Century Property Development Co., Ltd.* ("Nanning Logan Century") (note) (南寧龍光世紀房地產有限公司)	RMB100,000,000	100%	–	100%	Property development
Zhaoqing Gaoxing Logan Property Development Co., Ltd.* (note) (肇慶市高新區龍光房地產有限公司)	RMB20,000,000	100%	–	100%	Property development
Chaozhou Jingrong Property Co., Ltd.* (note) (潮州市景榮房地產開發有限公司)	RMB161,100,000	100%	–	100%	Property development
Huizhou Dejie Transportation Co., Ltd.* ("Huizhou Dejie") (note) (惠州德捷運輸設備有限公司)	RMB146,659,409	100%	–	100%	Property development
Huizhou Huihe Investment Co., Ltd.* (note) (惠州市惠和投資有限公司)	RMB50,000,000	100%	–	100%	Property development
Huizhou Taihe Yixin Property Co., Ltd.* (note) (惠州泰和怡馨房地產有限公司)	RMB265,118,600	100%	–	100%	Property development
Foshan Logan Junshen Property Co., Ltd.*@ ("Foshan Junshen") (note) (佛山市龍光駿紳房地產有限公司)	RMB20,000,000	50%	–	50%	Property development

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

Name of subsidiaries	Particulars of issued and paid-up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiary	Principal activities
Heyuan Meiping Property Development Co., Ltd.* ("Heyuan Meiping") (note) (河源美平房地產發展有限公司)	RMB876,772,031	75%	–	75%	Property development
Shenzhen Kangjiao Jiacheng Realty Investment Co., Ltd.* ("Shenzhen Kangjiao") (note) (深圳市康僑佳城置業投資有限公司)	RMB1,000,000,000	94%	–	94%	Property development
Nanning Hengliang Property Development Co., Ltd.* ("Nanning Hengliang") (note) (南寧市恒亮房地產開發有限公司)	RMB10,000,000	100%	–	100%	Property development
Nanning Yaotai Property Development Co., Ltd.* ("Nanning Yaotai") (note) (南寧市耀泰房地產開發有限公司)	RMB20,000,000	100%	–	100%	Property development

* Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network

Registered as wholly-foreign-owned enterprises under PRC law

@ These entities are accounted for as subsidiaries of the Group because the Group owns more than half of the voting rights even though the equity interests in these entities attributable to the Group are 50%.

Note: The English translation of the names is for reference only. The official names of these entities are in Chinese.

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

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and derivative financial instruments which have been measured at fair value.

2.1 BASIS OF PREPARATION (CONTINUED)

These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand ("RMB'000") except when otherwise indicated.

Basis of consolidation

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

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

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

(a) HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases — Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in HKAS 17.

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

New definition of a lease

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(a) (Continued)

As a lessee — Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

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

Impact on transition

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

All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets in other property, plant and equipment.

For the leasehold land and building (that were held to earn rental income and/or for capital appreciation) previously included in investment properties and measured at fair value, the Group has continued to include them as investment properties at 1 January 2019. They continue to be measured at fair value applying HKAS 40.

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

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application

Considering that the leasing arrangement is immaterial to the Group, the adoption of HKFRS 16 did not have any significant impact on the Group's financial statements.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

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

(c) HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions. The interpretation did not have any impact on the financial position or performance of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

Amendments to HKFRS 3	*Definition of a Business*[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
HKFRS 17	*Insurance Contracts*[2]
Amendments to HKAS 1 and HKAS 8	*Definition of Material*[1]

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

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

Further information about those HKFRSs that are expected to be applicable to the Group is described below:

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

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

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

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

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

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations and goodwill

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

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

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations and goodwill (Continued)

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

Fair value measurement

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

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

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

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets

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

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

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

Related parties

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

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

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

  (ii) has significant influence over the Group; or

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

or

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties (Continued)

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

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

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

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

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

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

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

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

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

Other property, plant and equipment and depreciation

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

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

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

Buildings	Over the lease terms
Leasehold improvements	Over the shorter of the lease terms and 20%
Furniture, fixtures and other plant and equipment	3 to 10 years

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other property, plant and equipment and depreciation (Continued)

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

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

Properties held for development for sale

The cost of leasehold land, which is held for development for sale, represents the cost of acquisition. Net realisable value is determined by reference to management estimates based on prevailing market conditions.

Properties under development for sale

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

Properties under development for sale are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond the normal operating cycle. On completion, the properties are transferred to completed properties for sale.

Completed properties for sale

Completed properties for sale are stated at the lower of cost and net realisable value. Cost is determined by an apportionment of total land and construction costs attributable to the unsold properties. Net realisable value is determined by reference to the sales proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on prevailing market conditions.

Investment properties

Investment properties include both completed investment properties and investment properties under construction.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment properties (Continued)

Investment properties under construction or development for future use as investment properties are classified as investment properties under construction. Such properties under construction are measured initially at cost, including transaction costs, and stated at fair value, subsequent to initial recognition, at the end of the reporting period when the fair value can be determined reliably.

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

Any gains or losses on the retirement or disposal of a completed investment property or an investment property under construction are recognised in the statement of profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. For a transfer from inventories to investment properties, any difference between the fair value of the property at the date of change in use and its then carrying amount is recognised in the statement of profit or loss.

Leases (applicable from 1 January 2019)

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

Group as a lessee

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

(a) *Right-of-use assets*

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

Leasehold land	Over the lease terms

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (applicable from 1 January 2019) (Continued)

Group as a lessee (Continued)

(a) Right-of-use assets (Continued)

When the right-of-use assets relate to interests in leasehold land held as inventories, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "inventories". When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for "investment properties".

(b) Lease liabilities

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

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

Group as a lessor

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (applicable before 1 January 2019)

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

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

Investments and other financial assets

Initial recognition and measurement

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (Continued)

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Financial assets at fair value through profit or loss

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

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

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derecognition of financial assets (Continued)

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

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

Impairment of financial assets

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

General approach

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

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (Continued)

General approach (Continued)

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

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

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

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

Simplified approach

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

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

Financial liabilities

Initial recognition and measurement

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

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

The Group's financial liabilities include trade and other payables, bank and other loans, senior notes and corporate bonds.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (Continued)

Subsequent measurement

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

Financial liabilities at amortised cost (loans and borrowings)

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

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

Senior notes

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

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

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

Financial guarantee contracts

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Cash and cash equivalents

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

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

Perpetual capital securities

Perpetual capital securities with no contractual obligation to repay its principal or to pay any distribution are classified as part of equity.

Provisions

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax

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

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

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

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

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

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax (Continued)

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

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

Revenue recognition

Revenue from contracts with customers

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

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

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

(a) Sales of properties

Revenue from the sale of properties is recognised at the point in time when the purchasers obtained the physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

(b) *Construction and decoration services*

Revenue from the provision of construction and decoration services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction and decoration services.

(c) *Provision of management services*

Revenue from the provision of management service is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

(d) *Land development*

Revenue from land development is recognised at a point in time, when the customer obtains control of the assets and the Group has present right to payment and the collection of the consideration is probable.

Revenue from other sources

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

Other income

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

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

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contract liabilities

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

Contract costs

Costs to fulfil a contract

Other than the costs which are capitalised as properties under development for sale and other property, plant and equipment, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to profit or loss on a systematic basis that is consistent with the pattern of the revenue to which the asset related is recognised. Other contract costs are expensed as incurred.

Costs of obtaining contracts

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer it would not have incurred if the contract had not been obtained e.g., commission to sales agents. Incremental costs of obtaining a contract are capitalised when incurred if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("Equity-Settled Transactions").

The cost of Equity-Settled Transactions with employees for grants is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 31 to the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share-based payments (Continued)

The cost of Equity-Settled Transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme. Where employees leave the scheme prior to the full vesting of the employer's contributions, the amount of forfeited contributions cannot be used to reduce the contributions payable by the Group.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme (the "Pension Scheme") operated by the local municipal government. The subsidiaries are required to contribute certain percentages of their payroll costs to the Pension Scheme. The only obligation of the Group with respect to the Pension Scheme is to pay the ongoing contributions under the Pension Scheme. The contributions are charged to statement of profit or loss as they become payable in accordance with the rules of the Pension Scheme.

Borrowing costs

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

Dividends

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

These financial statements are presented in RMB, which is the Group's presentation currency. The functional currency of the Company is Hong Kong dollars ("HK$") while RMB is used as the presentation currency of the financial statements of the Company for the purpose of aligning with the presentation currency of the Group. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to statement of profit or loss. Tax charges and credits attributable to exchange differences on these monetary items are also recorded in other comprehensive income.

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

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

The functional currencies of certain subsidiaries, joint ventures and associates operating outside the PRC are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss and other comprehensive income are translated into RMB at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (Continued)

For the purpose of the consolidated statement of cash flows, the cash flows of non-PRC entities are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of non-PRC entities which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Determining the timing of satisfaction of contracts related to sales of properties

The Group determined that the sales contract with customers requires the Group to complete the development of property before transferring the legal title of the relevant property to customers. The Group also determined that the Group does not have an enforceable right to payment from customers for performance completed to date before the transfer of legal title of the relevant property to customers. Consequently, the Group concluded that the timing of transfer of properties is at the point of time that the purchasers obtained the physical possession or the legal title of the completed property.

Classification between investment properties and owner-occupied properties

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Judgements (Continued)

Classification between investment properties and properties held for sale

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

Property lease classification — Group as lessor

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

Allocation of construction cost on properties under development for sale

When developing properties, the Group typically divides the development projects into phases. Costs directly related to the development of a phase are recorded as the cost of such phase. Costs that are common to each phase are allocated to each phase based on the saleable floor area of each phase as a percentage of the total saleable floor area of the entire project. The cost of the unit sold is determined by the floor area in square metres sold during the year multiplied by the average cost per square metre of that particular phase of the project.

Whether the presumption that investment properties stated at fair value are recovered through sale is rebutted in determining deferred tax

The Group has investment properties located in the PRC which are measured at fair value. Investment property is property held to earn rentals or for capital appreciation or both. In considering whether the presumption in HKAS 12 *Income Taxes* that an investment property measured at fair value will be recovered through sale is rebutted in determining deferred tax, the Group has developed certain criteria in making that judgement, such as whether an investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time or through sale. In determining the Group's deferred tax on investment properties, the directors have determined that the presumption set out in HKAS 12 *Income Taxes* that investment properties measured using the fair value model are recovered through sale is rebutted. Continuous assessments on the presumption will be made by management at each reporting date.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty

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

Valuation of properties under development for sale and completed properties for sale

Properties under development for sale and completed properties for sale are stated at the lower of cost and net realisable value. The cost of each unit in each phase of development is determined using the weighted average method. The estimated net realisable value is the estimated selling price less selling expenses and the estimated cost of completion (if any), which are estimated based on the best available information.

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

Investments in joint ventures and associates

The Group has cooperated with certain third parties to engage in certain property development projects through investments in and advances to joint ventures and associates. Significant estimation and judgement are required to assess the recoverability of the receivables from joint ventures and associates because the profitability of the future development of properties by the joint ventures and associates over a number of years can be difficult to predict and can be influenced by broader political and economic factors.

Estimation of fair value of investment properties and inventory properties acquired through business combinations

Investment properties, including completed investment properties and investment properties under construction, were revalued at each reporting date during the year based on the appraised market value provided by independent professional valuers. Inventory properties acquired through business combinations were evaluated at fair value at the date of acquisition. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at each reporting date. The valuations of investment properties under construction and inventory properties acquired through business combinations were based on the residual approach, and have taken into account the expended construction costs and the costs that will be expended to complete the development to reflect the quality of the completed development on the basis that the properties will be developed and completed in accordance with the Group's latest development plan.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

PRC corporate income tax ("CIT")

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

PRC land appreciation tax ("LAT")

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

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Provision for expected credit losses on receivables from joint ventures and associates

The measurement of impairment losses under HKFRS 9 requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, such as risk of default, loss given default and collateral recovery, changes in which can result in different levels of allowances.

The Group's expected credit loss calculations on receivables from joint ventures and associates are based on assumptions about risk of default and loss given default. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculations, based on credit risks of the debtors or comparable companies in the market, existing market conditions as well as forward looking estimates at the end of each reporting period. It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

At 31 December 2019, the carrying amount of the Group's receivables from joint ventures and associates was RMB23,364 million, and the ECLs are insignificant. Further details of the Group's receivables from joint ventures and associates, and the key assumptions and inputs used for impairment calculations are given in notes 18, 19 and 21 to the financial statements.

5. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

(a) the property development segment develops and sells residential properties and retail shops;

(b) the property leasing segment leases office units and retail shops to generate rental income and to gain from the appreciation in the properties' values in the long term;

(c) the construction and decoration contracts segment engages in the construction of office premises and residential buildings and provides decoration services for external customers and for group companies, and provides interior decoration services to property buyers; and

(d) the primary land development segment engages in the sale of land held for development.

The Group's revenue from external customers from each operating segment is set out in note 6 to the financial statements.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit or loss before tax except that depreciation, other income and gains, other expenses, finance costs, share of profits or losses of joint ventures and associates, fair value gains or losses on investment properties and derivative financial instruments and head office and corporate income and expenses are excluded from such measurement. Segment assets and liabilities are not reported to the Group's chief operating decision maker regularly.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

5. OPERATING SEGMENT INFORMATION (CONTINUED)

Information regarding the reportable segments is presented below.

	Property development RMB'000	Property leasing RMB'000	Construction and decoration contracts RMB'000	Primary land development RMB'000	Total RMB'000
Year ended 31 December 2019					
Gross revenue from external customers (note 6)	**41,180,693**	**129,616**	**11,568,862**	**4,900,000**	**57,779,171**
Less: Sales related taxes	**(259,853)**	**(2,099)**	**(36,801)**	**–**	**(298,753)**
Net revenue from external customers	**40,920,840**	**127,517**	**11,532,061**	**4,900,000**	**57,480,418**
Inter-segment revenue	**–**	**63,161**	**13,167,740**	**–**	**13,230,901**
Reportable segment revenue	**40,920,840**	**190,678**	**24,699,801**	**4,900,000**	**70,711,319**
Reportable segment profit	**10,203,386**	**152,824**	**5,225,809**	**2,911,861**	**18,493,880**

	Property development RMB'000	Property leasing RMB'000	Construction and decoration contracts RMB'000	Primary land development RMB'000	Total RMB'000
Year ended 31 December 2018					
Gross revenue from external customers (note 6)	39,062,896	91,676	4,191,649	1,067,449	44,413,670
Less: Sales related taxes	(258,518)	(8,530)	(9,519)	(195)	(276,762)
Net revenue from external customers	38,804,378	83,146	4,182,130	1,067,254	44,136,908
Inter-segment revenue	–	37,421	10,000,602	–	10,038,023
Reportable segment revenue	38,804,378	120,567	14,182,732	1,067,254	54,174,931
Reportable segment profit	11,895,962	93,574	3,500,457	640,574	16,130,567

5. OPERATING SEGMENT INFORMATION (CONTINUED)

Information about a major customer

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

Reconciliation of reportable segment revenue and profit or loss

	2019 RMB'000	2018 RMB'000
Revenue		
Reportable segment revenue	**70,711,319**	54,174,931
Elimination of inter-segment revenue	**(13,230,901)**	(10,038,023)
Consolidated revenue	**57,480,418**	44,136,908
Profit		
Reportable segment profit	**18,493,880**	16,130,567
Elimination of inter-segment profits	**(2,711,710)**	(3,201,660)
Reportable segment profit derived from the Group's external customers	**15,782,170**	12,928,907
Other income and gains	**2,130,113**	1,368,665
Other expenses	**(115,456)**	(56,655)
Depreciation	**(60,590)**	(57,295)
Finance costs	**(1,366,250)**	(1,416,943)
Share of losses of associates	**(63,400)**	(42,958)
Share of losses of joint ventures	**(112,960)**	(141,431)
Net increase in fair value of investment properties	**1,622,065**	1,740,726
Net increase in fair value of derivative financial instruments	**32,683**	45,970
Unallocated head office and corporate expenses	**(396,123)**	(349,926)
Consolidated profit before tax	**17,452,252**	14,019,060

Geographical information

Geographical information is not presented since over 90% of the Group's revenue from external customers is generated in Mainland China and over 90% of the segment assets of the Group are located in Mainland China. Accordingly, in the opinion of the directors, the presentation of geographical information would provide no additional useful information to the users of these financial statements.

6. REVENUE, OTHER INCOME AND GAINS

An analysis of the Group's revenue is as follows:

	2019 RMB'000	2018 RMB'000
Revenue from contracts with customers		
Sales of properties*	**41,180,693**	39,062,896
Construction and decoration income	**11,568,862**	4,191,649
Primary land development income	**4,900,000**	1,067,449
Revenue from another source		
Gross rental income from investment property operating leases:		
Other lease payments, including fixed payments	**129,616**	91,676
	57,779,171	44,413,670
Less: Sales related taxes	**(298,753)**	(276,762)
	57,480,418	44,136,908

* The invoiced amount billed to buyers of properties was RMB45,015,384,000 (2018: RMB41,771,393,000), including value-added tax of RMB3,834,691,000 (2018: RMB2,708,497,000).

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2019

	Sales of properties RMB'000	Construction and decoration income RMB'000	Primary land development income RMB'000	Total RMB'000
Timing of revenue recognition:				
Goods transferred at a point in time	40,920,840	–	4,900,000	45,820,840
Services transferred over time	–	11,532,061	–	11,532,061
Total revenue from contracts with customers	40,920,840	11,532,061	4,900,000	57,352,901

6. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Revenue from contracts with customers (Continued)

(i) Disaggregated revenue information (Continued)

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

For the year ended 31 December 2019

	Property development RMB'000	Construction and decoration contracts RMB'000	Primary land development RMB'000	Total RMB'000
Revenue from contracts with customers				
External customers	40,920,840	11,532,061	4,900,000	57,352,901
Intersegment sales	—	13,167,740	—	13,167,740
	40,920,840	24,699,801	4,900,000	70,520,641
Intersegment adjustments and eliminations	—	(13,167,740)	—	(13,167,740)
Total revenue from contracts with customers	40,920,840	11,532,061	4,900,000	57,352,901

For the year ended 31 December 2018

	Sales of properties RMB'000	Construction and decoration income RMB'000	Primary land development income RMB'000	Total RMB'000
Timing of revenue recognition:				
Goods transferred at a point in time	38,804,378	—	1,067,254	39,871,632
Services transferred over time	—	4,182,130	—	4,182,130
Total revenue from contracts with customers	38,804,378	4,182,130	1,067,254	44,053,762

6. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Revenue from contracts with customers (Continued)

(i) Disaggregated revenue information (Continued)

For the year ended 31 December 2018

	Property development RMB'000	Construction and decoration contracts RMB'000	Primary land development RMB'000	Total RMB'000
Revenue from contracts with customers				
External customers	38,804,378	4,182,130	1,067,254	44,053,762
Intersegment sales	—	10,000,602	—	10,000,602
	38,804,378	14,182,732	1,067,254	54,054,364
Intersegment adjustments and eliminations	—	(10,000,602)	—	(10,000,602)
Total revenue from contracts with customers	38,804,378	4,182,130	1,067,254	44,053,762

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2019 RMB'000	2018 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sales of properties	**7,983,495**	19,122,825
Construction and decoration income	**1,399,787**	240,814

6. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Revenue from contracts with customers (Continued)

(ii) Performance obligations

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

Sales of properties

The performance obligation is satisfied when the physical possession or the legal title of the completed property is obtained by the purchaser.

Construction and decoration income

The performance obligation is satisfied over time as services are rendered. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

Primary land development income

The performance obligation is satisfied when the customer obtains control of the assets.

Other income and gains

An analysis of the Group's other income and gains is as follows:

	Notes	**2019** **RMB'000**	2018 RMB'000
Bank interest income		**411,354**	215,669
Interest income on amounts due from associates and joint ventures		**746,920**	798,298
Forfeiture income on deposits received		**55,645**	25,428
Government subsidies		**13,797**	6,760
Gain on deemed disposal of subsidiaries upon loss of control, net	36	**89,913**	188,368
Gain on remeasurement of pre-existing interests in joint ventures and an associate to the date of obtaining control and acquisition	35(b)(i)	**246,349**	47,384
Gain on bargain purchase	35(b)(i)	**351,316**	38
Foreign exchange differences, net		**15,939**	—
Others		**198,880**	86,720
		2,130,113	1,368,665

7. OTHER EXPENSES

	2019 RMB'000	2018 RMB'000
Charitable donations	**12,979**	42,394
Premium on early redemption of senior notes	**53,328**	—
Foreign exchange differences, net	**—**	14,074
Net loss on disposal of items of other property, plant and equipment	**234**	3
Others	**48,915**	184
	115,456	56,655

8. FINANCE COSTS

An analysis of finance costs is as follows:

	2019 RMB'000	2018 RMB'000
Interest on bank and other loans and other borrowing costs	**2,122,688**	1,339,967
Interest on senior notes	**1,433,320**	881,605
Interest on corporate bonds	**958,700**	975,814
Total interest expense on financial liabilities not at fair value through profit or loss	**4,514,708**	3,197,386
Less: Interest capitalised	**(3,148,458)**	(1,780,443)
	1,366,250	1,416,943

9. PROFIT BEFORE TAX

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

	Notes	2019 RMB'000	2018 RMB'000
Cost of properties sold		**30,447,999**	25,413,679
Cost of services provided		**8,899,438**	3,836,336
Depreciation	15	**73,186**	62,423
Less: Amount capitalised		**(12,596)**	(5,128)
		60,590	57,295
Minimum lease payments under operating leases for land and buildings		**—**	17,339
Lease payments not included in the measurement of lease liabilities		**24,015**	—
Auditor's remuneration		**7,000**	6,360
Employee benefit expenses (including directors' remuneration (note 10)):			
Salaries and other staff costs		**1,216,062**	1,113,402
Equity-settled share option expense		**57,659**	20,963
Pension scheme contributions		**87,933**	79,311
Less: Amount capitalised		**(390,748)**	(377,683)
		970,906	835,993
Foreign exchange differences, net^/*		**(15,939)**	14,074
Interest income:			
— Cash at banks		**(411,354)**	(215,669)
— Amounts due from associates and joint ventures		**(746,920)**	(798,298)
Gain on deemed disposal of subsidiaries upon loss of control, net^	36	**(89,913)**	(188,368)
Net loss on disposal of items of other property, plant and equipment*	7	**234**	3
Gain on remeasurement of pre-existing interests in joint ventures and an associate to the date of obtaining control and acquisition^	35(b)(i)	**(246,349)**	(47,384)
Gain on bargain purchase^	35(b)(i)	**(351,316)**	(38)

^ The amounts are included in "Other income and gains" in the consolidated statement of profit or loss.

* The amounts are included in "Other expenses" in the consolidated statement of profit or loss.

10. DIRECTORS' REMUNERATION

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

	2019 RMB'000	2018 RMB'000
Fees	3,803	3,582
Other emoluments:		
Salaries, allowances and benefits in kind	24,097	21,263
Discretionary performance related bonuses	44,007	38,846
Equity-settled share option expense	6,867	8,346
Retirement scheme contributions	423	327
	75,394	68,782
	79,197	72,364

During the year and in prior years, certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 31 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amounts included in the financial statements for the current and prior years are included in the above directors' remuneration disclosures.

10. DIRECTORS' REMUNERATION (CONTINUED)

The remuneration of each of the directors is set out below:

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary performance related bonuses RMB'000	Equity-settled share option expense RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
2019						
Executive Directors:						
Kei Hoipang ("Mr. Kei", also act as the Chairman of the Group)	–	9,252	12,993	2,725	90	25,060
Ji Jiande#	–	5,134	15,813	1,428	82	22,457
Xiao Xu	–	3,575	2,425	954	85	7,039
Lai Zhuobin	–	3,819	6,409	954	85	11,267
Wu Jian@	–	2,317	2,469	–	22	4,808
Non-executive Director:						
Kei Perenna Hoi Ting ("Ms. Kei")	2,486	–	3,898	806	59	7,249
Independent non-executive Directors:						
Zhang Huaqiao	439	–	–	–	–	439
Liu Ka Ying, Rebecca	439	–	–	–	–	439
Cai Suisheng	439	–	–	–	–	439
	3,803	24,097	44,007	6,867	423	79,197
2018						
Executive Directors:						
Mr. Kei	–	8,000	12,568	3,085	75	23,728
Ji Jiande	–	5,501	13,424	2,449	75	21,449
Xiao Xu	–	3,001	4,194	1,076	78	8,349
Lai Zhuobin	–	3,001	4,947	1,068	78	9,094
Chen Guanzhan*	–	1,760	–	–	5	1,765
Non-executive Director:						
Ms. Kei	2,400	–	3,713	668	16	6,797
Independent non-executive Directors:						
Zhang Huaqiao	394	–	–	–	–	394
Liu Ka Ying, Rebecca	394	–	–	–	–	394
Cai Suisheng	394	–	–	–	–	394
	3,582	21,263	38,846	8,346	327	72,364

Mr. Ji Jiande resigned as an executive director of the Company with effect from 10 September 2019.

@ Mr. Wu Jian was appointed as an executive director of the Company with effect from 12 September 2019.

* Mr. Chen Guanzhan was appointed as an executive director of the Company with effect from 17 July 2017 and resigned as an executive director of the Company with effect from 29 January 2018.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2018: Nil).

11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three directors (2018: three directors), details of whose remuneration are set out in note 10 above. Details of the remuneration for the year of the remaining two (2018: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2019 RMB'000	2018 RMB'000
Salaries, allowances and benefits in kind	6,114	6,002
Discretionary bonuses	13,174	10,515
Share-based payments	954	2,050
Retirement scheme contributions	101	115
	20,343	18,682

The emoluments of the two (2018: two) individuals who are neither a director nor chief executive of the Company with the highest emoluments are within the following bands:

	Number of employees	
	2019	2018
HK$9,500,001 to HK$10,500,000	–	1
HK$10,500,001 to HK$11,000,000	–	–
HK$11,000,001 to HK$11,500,000	1	1
HK$11,500,001 to HK$12,000,000	1	–
	2	2

No individual waived or agreed to waive any emoluments during the year.

During the year and in prior years, share options were granted to non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 31 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amounts included in the financial statements for the current and prior years are included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

12. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2018: Nil). Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in the cities in which the Group's subsidiaries operate.

	2019 RMB'000	2018 RMB'000
Current charge for the year:		
PRC CIT	**4,495,200**	3,108,577
PRC LAT	**1,152,058**	1,731,850
Withholding tax	**280,042**	210,000
Underprovision/(overprovision) in prior years, net:		
PRC CIT	**52,422**	(9,857)
	5,979,722	5,040,570
Deferred (note 29)	**(90,728)**	(17,416)
Total tax charge for the year	**5,888,994**	5,023,154

A reconciliation of the tax expense applicable to profit before tax at the statutory/applicable rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2019 RMB'000	2018 RMB'000
Profit before tax	**17,452,252**	14,019,060
At the statutory/applicable rates of different jurisdictions	**4,372,598**	3,517,808
Adjustments in respect of current tax of previous periods	**52,422**	(9,857)
Income not subject to tax	**(188,829)**	(47,345)
Expenses not deductible for tax	**547,804**	91,450
Effect of withholding tax at prevailing tax rate on the distributable profits of the Group's PRC subsidiaries	**280,042**	210,000
Tax losses utilised from previous periods	**(53,621)**	(85,937)
Tax losses not recognised	**14,534**	48,147
LAT	**1,152,058**	1,731,850
Tax effect of LAT deductible for PRC CIT	**(288,014)**	(432,962)
Tax charge at the Group's effective rate	**5,888,994**	5,023,154

13. DIVIDENDS

	2019 RMB'000	2018 RMB'000
Interim and special dividends — HK38 cents and nil, respectively (2018: HK20 cents and HK8 cents) per ordinary share	**1,786,604**	1,346,229
Proposed final and special dividends — HK45 cents and nil, respectively (2018: HK40 cents and HK7 cents) per ordinary share	**2,220,403**	2,210,076
	4,007,007	3,556,305

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to owners of the parent, adjusted for the distribution related to perpetual capital securities, and the weighted average number of ordinary shares of 5,489,585,000 (2018: 5,490,496,000) in issue during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to owners of the parent, adjusted for the distribution related to perpetual capital securities. The weighted average number of ordinary shares used in the calculation is the weighted average number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all the dilutive potential ordinary shares into ordinary shares.

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

	2019 RMB'000	2018 RMB'000
Earnings		
Profit attributable to owners of the parent	**11,269,044**	8,288,398
Distribution related to perpetual capital securities	**(167,153)**	(165,434)
Profit used in the basic and diluted earnings per share calculations	**11,101,891**	8,122,964

14. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (CONTINUED)

	Number of shares	
	2019 '000	2018 '000
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**5,489,585**	5,490,496
Effect of dilution — weighted average number of ordinary shares:		
Share options	**79,048**	84,912
Weighted average number of ordinary shares in issue during the year used in the diluted earnings per share calculation	**5,568,633**	5,575,408

15. OTHER PROPERTY, PLANT AND EQUIPMENT

	Land and buildings RMB'000	Leasehold improvements RMB'000	Furniture, fixtures and other plant and equipment RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2019					
At 31 December 2018:					
Cost	41,683	219,185	257,591	–	518,459
Accumulated depreciation	(16,489)	(158,350)	(167,606)	–	(342,445)
Net carrying value	25,194	60,835	89,985	–	176,014
At 1 January 2019, net of accumulated depreciation	25,194	60,835	89,985	–	176,014
Additions	–	48,005	29,317	–	77,322
Acquisition of subsidiaries (note 35)	681,860	298	30,599	–	712,757
Depreciation	(2,159)	(49,824)	(21,203)	–	(73,186)
Disposals	(93)	–	(879)	–	(972)
Deemed disposal of subsidiaries (note 36)	–	–	(666)	–	(666)
Exchange realignment	–	457	228	–	685
At 31 December 2019, net of accumulated depreciation	704,802	59,771	127,381	–	891,954
At 31 December 2019:					
Cost	723,346	267,763	309,307	–	1,300,416
Accumulated depreciation	(18,544)	(207,992)	(181,926)	–	(408,462)
Net carrying value	704,802	59,771	127,381	–	891,954

15. OTHER PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land and buildings RMB'000	Leasehold improvements RMB'000	Furniture, fixtures and other plant and equipment RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2018					
At 1 January 2018:					
Cost	42,598	191,184	194,102	1,645	429,529
Accumulated depreciation	(14,772)	(119,907)	(146,983)	–	(281,662)
Net carrying value	27,826	71,277	47,119	1,645	147,867
At 1 January 2018, net of accumulated depreciation	27,826	71,277	47,119	1,645	147,867
Additions	–	27,798	24,221	–	52,019
Acquisition of subsidiaries (note 35)	–	–	41,808	–	41,808
Depreciation	(2,180)	(38,456)	(21,787)	–	(62,423)
Disposals	(452)	–	115	(1,645)	(1,982)
Deemed disposal of subsidiaries (note 36)	–	–	(632)	–	(632)
Exchange realignment	–	216	(859)	–	(643)
At 31 December 2018, net of accumulated depreciation	25,194	60,835	89,985	–	176,014
At 31 December 2018:					
Cost	41,683	219,185	257,591	–	518,459
Accumulated depreciation	(16,489)	(158,350)	(167,606)	–	(342,445)
Net carrying value	25,194	60,835	89,985	–	176,014

At 31 December 2019, right-of-use assets with an aggregate carrying amount of approximately RMB108,619,000 were included in land and buildings and the depreciation charged to profit or loss in the current year was RMB1,207,000.

At 31 December 2019, certain of the Group's other property, plant and equipment were pledged to secure certain bank and other loans granted to the Group (note 39).

16. INVESTMENT PROPERTIES

	Completed RMB'000	Under construction RMB'000	Total RMB'000
Carrying amount at 1 January 2018	8,871,491	6,793,339	15,664,830
Additions	301,685	604,829	906,514
Transfer upon completion of construction	2,632,413	(2,632,413)	—
Net gain from a fair value adjustment	1,137,543	603,183	1,740,726
Exchange realignment	25,941	—	25,941
Carrying amount at 31 December 2018 and 1 January 2019	**12,969,073**	**5,368,938**	**18,338,011**
Additions	**31,138**	**995,555**	**1,026,693**
Acquisition of subsidiaries (note 35(b)(i))	**1,326,506**	**4,257,550**	**5,584,056**
Disposals	**(10,418)**	**—**	**(10,418)**
Transfer from completed properties for sale	**26,507**	**—**	**26,507**
Transfer upon completion of construction	**5,101,251**	**(5,101,251)**	**—**
Net gain from a fair value adjustment	**883,136**	**738,929**	**1,622,065**
Exchange realignment	**17,284**	**—**	**17,284**
Carrying amount at 31 December 2019	**20,344,477**	**6,259,721**	**26,604,198**

The Group's completed investment properties and investment properties under development were revalued on 31 December 2019 based on valuations performed by APAC Asset Valuation and Consulting Limited and Vocation (Beijing) International Assets Appraisal Co., Ltd., independent professionally qualified valuers, at RMB26,604,198,000 (2018: RMB18,338,011,000).

At 31 December 2019, certain of the Group's investment properties were pledged to secure certain bank and other loans granted to the Group (note 39).

The Group's completed investment properties are leased to third parties under operating leases, further summary details of which are included in (note 17).

Fair value hierarchy

For the years ended 31 December 2019 and 2018, the fair value measurements of all investment properties of the Group were categorised within Level 3 of the fair value hierarchy and details of their movements are disclosed above.

In the opinion of the directors, for all investment properties that are measured at fair value, the properties have been used in their highest and best use.

16. INVESTMENT PROPERTIES (CONTINUED)

Fair value hierarchy (Continued)

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

	Fair value measurement using significant unobservable inputs (Level 3)	
	2019 RMB'000	2018 RMB'000
Recurring fair value measurement for:		
Leasehold land — Hong Kong	**1,551,037**	1,557,226
Commercial — Mainland China	**18,793,440**	11,411,847
Investment properties under construction	**6,259,721**	5,368,938
	26,604,198	18,338,011

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

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

	Valuation techniques	Significant unobservable inputs	Range	
			2019	2018
Completed investment properties				
— Residential — Hong Kong	Direct comparison approach	Market unit sale rate (RMB/sq.m.)	**233,299–243,240**	241,326–245,473
— Commercial — Mainland China	Direct comparison approach	Market unit sale rate (RMB/sq.m.)	**14,066–150,380**	16,676–150,380
— Commercial — Mainland China	Income approach	Risk-adjusted discount rate	**3.3%–6%**	3.3%–5%
		Expected market rental growth	**0%–10%**	2%–10%
		Expected occupancy rate	**95%–100%**	95%–100%
		Expected yearly unit rental income (RMB/sq.m.)	**147–2,008**	260–2,292
		Capitalisation rate	**3.5%–6.5%**	3.5%–6.5%
Investment properties under construction	Residual approach	Gross development value (RMB/sq.m.)	**13,200–64,391**	12,720–87,639
		Budgeted construction costs to be incurred (RMB/sq.m.)	**1,124–11,451**	2,232–10,495
		Development profit	**5%–8%**	20%
		Risk-adjusted discount rate	**4.35%–8%**	4.35%–8%

16. INVESTMENT PROPERTIES (CONTINUED)

Fair value hierarchy (Continued)

The valuations of completed investment properties were based on either the direct comparison method by reference to comparable market transactions, which is positively correlated to the market unit sale rate; or the income approach by capitalisation of net rental income derived from the existing tenancies with allowance for the reversionary rental income potential of the properties, which is positively correlated to the market rental growth rate, and negatively correlated to risk-adjusted discount rate and capitalisation rate.

The valuations of investment properties under construction were based on the residual approach, and have taken into account the expended construction costs and the costs that will be expended to complete the development to reflect the quality of the completed development on the basis that the properties will be developed and completed in accordance with the Group's latest development plan. The valuations of investment properties under construction are positively correlated to the development profit and negatively correlated to the risk-adjusted discount rate.

17. LEASES

The Group as a lessor

The Group leases its investment properties (note 16) under operating lease arrangements. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB127,517,000 (2018: RMB83,146,000), details of which are included in note 6 to the financial statements.

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

	2019 **RMB'000**	2018 RMB'000
Within one year	**120,127**	87,797
After one year but within two years	**88,540**	74,105
After two years but within three years	**69,438**	46,126
After three years but within four years	**48,079**	33,902
After four year but within five years	**28,204**	17,119
After five years	**95,678**	37,697
	450,066	296,746

18. INVESTMENTS IN ASSOCIATES

	2019 RMB'000	2018 RMB'000
Share of net assets	**2,009,087**	537,180
Due from an associate	**1,451,400**	910,000
	3,460,487	1,447,180

Note: As at 31 December 2019, the amount due from an associate is unsecured, bearing interest at a fixed interest rate of 7.98% (2018: 7.98%) per annum and repayable in 2022 (2018: 2021).

Particulars of the principal associates, which are an unlisted corporate entities, are as follows:

				Proportion of ownership interest			
Name of associate	Form of business structure	Place of incorporation and business	Particulars of issued and paid-up capital	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Delight Prime Limited ("Delight Prime") (悦盛有限公司)	Incorporated	BVI	Paid-up capital US$50,000	20%	–	20%	Property development
Zhuhai Ruiliang Property Company Limited ("Zhuhai Ruiliang") (珠海市瑞梁房地產有限公司)	Incorporated	The PRC	Registered capital RMB1,318,000,000	50%	–	50%	Property development
Nanning Jinlin Real Estate ("Nanning Jinlin") (南寧錦麟置業有限公司)	Incorporated	The PRC	Registered capital RMB1,140,000,000	50%	–	50%	Property development

Note: The English translation of the name is for reference only. The official names of these entities are in Chinese.

The directors consider that the Group can only exercise significant influence over Delight Prime, Zhuhai Ruiliang and Nanning Jinlin based on their board composition, and accordingly they are classified as associates of the Group. Zhuhai Ruiliang and Nanning Jinlin are accounted for as associates of the Group because the Group owns less than half of the voting rights even though the equity interests in these entities attributable to the Group are 50%. The associates are accounted for using the equity method in the consolidated financial statements.

Amount due from an associate represented an interest-bearing loan granted to an associate. Where applicable, an impairment analysis is performed at each reporting date by considering the probability of default of comparable companies with published credit ratings. As at 31 December 2019, the probability of default applied was 26.89% (2018: 41.03%) and the loss given default was approximately to 0% (2018: 0%) and the expected credit loss was considered to be minimal.

During the year ended 31 December 2019, the Group entered into equity transfer agreements for the acquisition of the remaining equity interests in a former principal associate, Shenzhen Kaifung. Further details are included in note 35(b) to the financial statements.

18. INVESTMENTS IN ASSOCIATES (CONTINUED)

Summarised financial information of a material associate, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, is disclosed below:

	2019 RMB'000	2018 RMB'000
Gross amounts of Delight Prime		
Current assets	**4,633,598**	4,426,295
Non-current assets	**15,712**	19,903
Current liabilities	**(3,157,630)**	(2,901,168)
Equity	**1,491,680**	1,545,030
Revenue	**—**	—
Loss for the year	**(16,475)**	(13,649)
Other comprehensive income	**—**	—
Total comprehensive loss	**(16,475)**	(13,649)
Reconciled to the Group's interest in Delight Prime		
Gross amounts of net assets of Delight Prime	**1,491,680**	1,545,030
Group's effective interest	**20%**	20%
Group's share of net assets of Delight Prime	**298,336**	309,006
Elimination of other downstream transaction	**(15,013)**	(7,376)
Amount due from Delight Prime	**1,451,400**	910,000
Carrying amount in the consolidated financial statements	**1,734,723**	1,211,630

All associates have been accounted for using the equity method in these financial statements and their financial year end dates are coterminous with that of the Group.

The following table illustrates the financial information of the Group's other associates that are not individually material:

	2019 RMB'000	2018 RMB'000
Share of the associates' loss and total comprehensive loss for the year	**(60,105)**	(40,228)
Aggregate carrying amount of the Group's investments in the associates	**1,725,764**	235,550

19. INVESTMENTS IN JOINT VENTURES

	2019 RMB'000	2018 RMB'000
Share of net assets	**7,956,548**	6,679,464
Due from joint ventures	**5,977,648**	11,363,109
	13,934,196	18,042,573

Note: As at 31 December 2019, all amounts due from joint ventures are unsecured, bear interest at fixed interest rates ranging from 3.4% to 7.3% (2018: ranging from 3.4% to 7.3%) per annum and mature from two to five years (2018: from two to three years).

To address the increasing land premium in public bidding, the Group started in 2016 to secure land by teaming up with resourceful joint venture partners. These joint ventures are mainly engaged in urban development projects in Shenzhen, Nanning, Shantou and Zhongshan.

Details of the Group's interests in the principal joint ventures, which are accounted for using the equity method in the consolidated financial statements, are as follows:

				Proportion of ownership interest			
Name of joint venture	Form of business structure	Place of incorporation and business	Particulars of issued and paid-up capital	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Shenzhen Yingrui Industrial Co., Ltd. ("Shenzhen Yingrui") (note) (深圳市盈睿實業有限公司)	Incorporated	The PRC	Registered capital RMB10,000,000	50%	–	50%	Investment holding
LN Development (STIRLING) PTE. LTD*	Incorporated	Singapore	Registered capital SG$4,000,000	51%	–	51%	Property investment
Shenzhen Yurongshun Industrial Co., Ltd. (note) (深圳市裕榮順實業有限公司)	Incorporated	The PRC	Registered capital RMB10,000,000	50%	–	50%	Investment holding
Unicorn Bay Limited ("Unicorn Bay") (麒灣有限公司)	Incorporated	BVI	Paid-up capital US$50,000	50%	50%	–	Investment holding

* This entity is accounted for as a joint venture of the Group because the decisions about the relevant activities of this entity require the unanimous consent of both shareholders of this entity.

Note: The English translation of the names is for reference only. The official names of these entities are in Chinese.

The Group shares control in the above entities with other shareholders, accordingly they are classified as joint ventures of the Group. All the joint ventures in which the Group held interest are unlisted corporate entities whose quoted market prices are not available.

19. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Amounts due from joint ventures represented interest-bearing loans granted to joint ventures. Where applicable, an impairment analysis is performed at each reporting date by considering the probability of default of comparable companies with published credit ratings. As at 31 December 2019, the probability of default applied was 0.65% (2018: 0.68%) and the loss given default was approximately ranging from 0% to 12.12% (2018: 0%) and the expected credit loss was considered to be minimal.

Summarised financial information of the material joint ventures, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, is disclosed below:

	2019 **RMB'000**	2018 RMB'000
Gross amounts of Shenzhen Yingrui		
Cash and bank balances	**96**	859
Current assets (excluding cash and bank balances)	**1,873,730**	4,562,559
Non-current assets	**34,575**	7,237
Trade and other payables	**(2,236,655)**	(4,728,402)
Equity	**(328,254)**	(157,747)
Revenue	**—**	—
Loss for the year	**(171,052)**	(68,200)
Other comprehensive loss	**—**	—
Total comprehensive loss	**(171,052)**	(68,200)
Reconciled to the Group's interest in Shenzhen Yingrui		
Gross amounts of equity of Shenzhen Yingrui	**(328,254)**	(157,747)
Group's effective interest	**50%**	50%
Group's share of equity of Shenzhen Yingrui	**—**	—
Amount due from the joint venture	**1,700,000**	1,700,000
Carrying amount in the consolidated financial statements	**1,700,000**	1,700,000

19. INVESTMENTS IN JOINT VENTURES (CONTINUED)

	2019 RMB'000	2018 RMB'000
Gross amounts of Unicorn Bay		
Cash and bank balances	30,509	16,574
Current assets (excluding cash and bank balances)	17,384,525	15,684,655
Non-current assets	199,421	161,688
Trade and other payables	(1,574,921)	(552,424)
Non-current liabilities	(6,411,153)	(6,228,659)
Equity	9,628,381	9,081,834
Revenue	–	–
Loss for the year	(33,351)	(7,877)
Other comprehensive loss	–	–
Total comprehensive loss	(33,351)	(7,877)
Reconciled to the Group's interest in Unicorn Bay		
Gross amounts of equity of Unicorn Bay	9,628,381	9,081,834
Group's effective interest	50%	50%
Group's share of equity of Unicorn Bay	4,814,191	4,540,917
Amount due from the joint venture	773,868	483,043
Carrying amount in the consolidated financial statements	5,588,059	5,023,960

19. INVESTMENTS IN JOINT VENTURES (CONTINUED)

	2018 RMB'000
Gross amounts of Shantou Logan Hongjing Property Co., Ltd. ("Shantou Hongjing")	
Cash and bank balances	41,110
Current assets (excluding cash and bank balances)	5,093,084
Non-current assets	606
Trade and other payables	(2,718,919)
Current liabilities (excluding trade and other payables)	(449,713)
Non-current liabilities	(1,898,480)
Equity	67,688
Revenue	—
Loss for the year	(32,160)
Other comprehensive loss	—
Total comprehensive loss	(32,160)
Reconciled to the Group's interest in Shantou Hongjing	
Gross amounts of equity of Shantou Hongjing	67,688
Group's effective interest	50%
Group's share of equity of Shantou Hongjing	33,844
Elimination of interest income	(13,392)
Elimination of other downstream transaction	(18,186)
Amount due from the joint venture	1,190,000
Carrying amount in the consolidated financial statements	1,192,266

Note: Shantou Hongjing is not considered to be a material joint venture for the Group in the current year.

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2019 RMB'000	2018 RMB'000
Share of joint ventures' loss for the year, net	**(10,758)**	(87,312)
Share of the joint ventures' other comprehensive loss	**—**	—
Share of the joint ventures' total comprehensive loss	**(10,758)**	(87,312)
Aggregate carrying amount of the Group's investments in the joint ventures	**6,646,137**	10,126,347

20. INVENTORIES

	2019 RMB'000	2018 RMB'000
Construction:		
Raw materials	**181,654**	200,232
Property development:		
Properties held for development for sale	**2,426,924**	26,047,401
Properties under development for sale	**69,368,750**	20,277,085
Completed properties for sale	**14,374,482**	8,255,980
	86,170,156	54,580,466
	86,351,810	54,780,698
Properties expected to be recovered within normal operating cycle:		
Within one year	**45,140,361**	16,917,665
After one year	**41,029,795**	37,662,801
	86,170,156	54,580,466

All the completed properties for sale are stated at the lower of cost and net realisable value.

At 31 December 2019, certain of the Group's properties held for development for sale, properties under development for sale and completed properties for sale were pledged to secure certain bank and other loans granted to the Group (note 39).

Lump sum payments were made upfront to acquire the leased land from the PRC government with lease periods of 40 to 70 years, and no ongoing payments will be made under the terms of these land leases.

21. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND OTHER ASSETS

	Notes	2019 RMB'000	2018 RMB'000
Trade receivables	(i)	**542,621**	18,214
Prepayments and other receivables		**7,297,423**	8,175,454
Land deposits	(ii)	**1,688,850**	3,046,119
Amounts due from related companies	(iii)	**185,689**	140,838
Amounts due from non-controlling shareholders	(iii)	**2,023,304**	1,623,294
Amounts due from associates	(iv)	**2,828,786**	5,646,064
Amounts due from joint ventures	(v)	**13,106,207**	17,176,497
Costs of obtaining contracts	(vi)	**628,391**	103,353
Contract assets	(vii)	**2,926,195**	1,820,988
Derivative financial instruments:			
Senior notes redemption call options (note 27(xvi))		**100,328**	65,548
	(viii)	**31,327,794**	37,816,369

Notes:

(i) The Group's trade receivables arise from the sales of properties, leasing of investment properties and provision of decoration services.

Consideration in respect of properties is payable by the purchasers in accordance with the terms of the related sale and purchase agreements. The Group normally requires its customers to make payment of monthly/quarterly charges in advance in relation to the leasing of investment properties and provision of property management services.

Since the Group's trade receivables are related to a number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. All trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the revenue recognition date or invoice date and net of loss allowance, is as follows:

	2019 RMB'000	2018 RMB'000
Current to 30 days	**73,726**	488
31 days to 90 days	**447,875**	8,190
91 to 180 days	**20,280**	1,057
181 to 365 days	**740**	8,375
Over 365 days	**—**	104
	542,621	18,214

(ii) The amounts represented deposits for the acquisition of land.

(iii) The amounts due from related companies and non-controlling shareholders are unsecured, interest-free and repayable on demand.

21. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND OTHER ASSETS (CONTINUED)

Notes: (Continued)

(iv) Except for amounts of RMB130 million (2018: RMB352 million), which are trade receivables derived from the provision of construction and decoration services by the Group to the associates, with credit period of generally six months, other amounts due from associates are unsecured, interest-free and repayable on demand (2018: RMB2,490 million is bearing interest at 6.88% per annum and repayable in 2019).

An ageing analysis of the trade receivables from associates as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2019 RMB'000	2018 RMB'000
0 to 30 days	**12,889**	29,725
31 days to 90 days	**19,829**	56,939
91 to 180 days	**60,842**	251,978
Over 365 days	**36,075**	13,231
	129,635	351,873

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customers with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Based on the evaluation on the provision rate and gross carrying amount, the directors of the Company are of the opinion that the financial impact of ECLs in respect of these balances is considered immaterial. As at 31 December 2019 and 2018, the loss allowance for trade receivables was assessed to be minimal.

(v) Except for the amounts of RMB760 million (2018: RMB862 million) which are unsecured, bearing interest at rates ranging from 5.70% to 7.30% (2018: 4.79% to 5.35%) per annum and repayable in 2020 (2018: 2019), and amounts of RMB1,573 million (2018: RMB599 million), which are trade receivables derived from the provision of construction and decoration services by the Group to the joint ventures, with credit period of generally six months, other amounts due from joint ventures are unsecured, interest-free and repayable on demand.

An ageing analysis of the trade receivables from joint ventures as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2019 RMB'000	2018 RMB'000
0 to 30 days	**620,730**	437,011
31 days to 90 days	**178,917**	115,085
91 to 180 days	**294,106**	15,181
181 to 365 days	**413,998**	1,116
Over 365 days	**64,753**	30,813
	1,572,504	599,206

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customers with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Based on the evaluation on the provision rate and gross carrying amount, the directors of the Company are of the opinion that the financial impact of ECLs in respect of these balances is considered immaterial. As at 31 December 2019 and 2018, the loss allowance for trade receivables was assessed to be minimal.

21. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND OTHER ASSETS (CONTINUED)

Notes: (Continued)

(vi) The amount represents prepaid agency fees in connection with the sale of properties.

(vii) Contract assets consist of unbilled amount resulting from construction and decoration services provided to joint ventures and associates when revenue recognised exceeds the amount billed. The balance is expected to be recovered or settled within one year.

(viii) The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2019 and 2018, the loss allowance was assessed to be minimal.

22. ASSETS AND LIABILITIES UNDER CROSS-BORDER GUARANTEE ARRANGEMENTS

During 2019 and 2018, the Group entered into some cross-border guarantee arrangements with certain financial institutions, whereby certain onshore funding (i.e. in the PRC) has been used as a pledge against advances to offshore (i.e. in Hong Kong) for the Group's general working capital.

Pursuant to these arrangements which are made in compliance with the relevant rules and regulations promulgated by the State Administration of Foreign Exchange, funds are advanced to the Group's subsidiaries in Hong Kong by depositing a certain amount of funds in the relevant financial institutions by the Group's subsidiaries in the PRC. The net cost of such arrangements is less than 1% per annum of the total funds advanced.

	2019 **RMB'000**	2018 RMB'000
Assets under cross-border guarantee arrangements	**566,140**	2,353,657
Portion classified as current assets	**(566,140)**	(1,827,322)
Non-current portion	**–**	526,335
Liabilities under cross-border guarantee arrangements	**921,994**	3,041,568
Portion classified as current liabilities	**(921,994)**	(2,515,233)
Non-current portion	**–**	526,335

23. CASH AND BANK BALANCES

	2019 RMB'000	2018 RMB'000
Cash and cash equivalents	**34,817,721**	28,452,462
Non-current unpledged time deposits	**711,000**	—
Restricted deposits (notes (a), (c))	**4,746,472**	6,677,732
Pledged deposits (notes (b), (c))		
— Current portion	**160,377**	312,607
— Non-current portion	**269,543**	274,350
Cash and bank balances	**40,705,113**	35,717,151
Portion classified as current assets	**(39,724,570)**	(35,442,801)
Non-current portion	**980,543**	274,350

Notes:

(a) Pursuant to the relevant regulations in the PRC, certain property development companies of the Group are required to place at designated bank accounts certain amounts of pre-sales proceeds of properties as guarantee deposits for the construction of the related properties. The deposits can only be used for purchases of construction materials and payments of construction fees for the relevant property projects. The deposits will be released after completion of related pre-sold properties or issuance of the real estate ownership certificates of the properties, whichever is the earlier. As at 31 December 2019, such guarantee deposits amounted to RMB4,409,526,000 (2018: RMB6,677,732,000).

(b) According to the relevant mortgage facility agreements signed by certain subsidiaries of the Group with their banks, the subsidiaries are required to place at designated bank accounts certain amounts as deposits for potential default of mortgage loans advanced to property purchasers. Such guarantee deposits will be released after the property ownership certificates of the relevant properties are passed to the banks. As at 31 December 2019, such deposits amounted to RMB429,920,000 (2018: RMB328,786,000).

(c) As at 31 December 2019, certain bank deposits of the Group were pledged to secure certain bank and other loans granted to the Group (note 39).

At the end of the reporting period, the cash and bank balances and time deposits of the Group denominated in RMB amounted to RMB33,391,551,000 (2018: RMB31,603,370,000). RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Non-pledged time deposits are made for varying periods of between seven days and six months depending on immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. All the bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

24. TRADE AND OTHER PAYABLES

	Notes	2019 RMB'000	2018 RMB'000
Trade payables	(i)	**24,127,252**	12,503,788
Other payables and accrued charges	(ii)	**25,546,174**	7,117,016
Customer deposits received		**24,998**	41,630
Rental and other deposits received		**404,699**	112,012
Proceeds from asset-backed securities	(iii)	**3,746,901**	1,594,890
Amounts due to non-controlling shareholders	(iv)	**120,144**	10,684,550
Amounts due to related companies	(v)	**582,596**	14,250
Amounts due to joint ventures	(vi)	**1,271,164**	15,378,135
Amounts due to associates	(vii)	**342,981**	3,500
		56,166,909	47,449,771

Notes:

(i) An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2019 RMB'000	2018 RMB'000
Current to 30 days	**9,532,282**	3,512,217
31 to 90 days	**5,381,636**	2,719,421
91 to 180 days	**2,723,328**	1,411,230
181 to 365 days	**3,084,331**	2,805,100
Over 365 days	**3,405,675**	2,055,820
	24,127,252	12,503,788

The trade payables are non-interest-bearing.

(ii) Other payables are non-interest-bearing and are expected to be settled within one year. Included in the balance as at 31 December 2019 is a dividend payable of RMB5,367,887,000 (2018: RMB2,247,453,000) to the immediate holding company.

(iii) The balance represented proceeds, deduction of certain percentage of upfront fee, received from specific purpose entities ("SPEs") set up by financial institutions in the PRC for the issuance of asset-backed securities, to which the Group has transferred the right of receipt of the remaining sales proceeds of certain properties to be delivered by the Group. Under the assignment arrangement between the Group and the SPEs, as and when the Group receives the sales proceeds from customers, the Group would remit to the holder of the asset-backed securities any cash flows it collects on behalf of the SPEs.

(iv) The amounts due to non-controlling shareholders are unsecured, interest-free and repayable on demand, except for amounts of RMB107,500,000 (2018: RMB94,000,000) as at 31 December 2019 which bear interest at fixed interest rates ranging from 5.7% to 7.0% (2018: 5.7% to 7.0%) per annum.

(v) The amounts due to related companies are unsecured, interest-free and repayable on demand.

(vi) The amounts due to joint ventures are unsecured, interest-free and repayable on demand (2018: RMB7,542,163,000 which is repayable in 2019).

(vii) The amounts due to associates are unsecured, interest-free and repayable on demand.

25. CONTRACT LIABILITIES

Contract liabilities mainly represent sales proceeds received from buyers in connection with the Group's pre-sales of properties. The increase in contract liabilities during the year was mainly due to the growth of the Group's contracted sales and an amount of RMB23,393 million recognised in relation to the acquisition of subsidiaries, partially offset by the delivery of properties in the current year.

26. BANK AND OTHER LOANS

	2019			2018		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans — secured	4.76–8.50	2020	8,436,604	4.83–8.68	2019	2,024,692
Bank loans — unsecured	4.75–6.60	2020	2,908,737	4.13–8.50	2019	4,554,600
Other loans — secured	6.65–12.00	2020	2,133,200	6.50–10.13	2019	1,325,600
Other loans — unsecured	10.60–10.90	2020	9,700	4.99–8.40	2019	1,672,200
			13,488,241			9,577,092
Non-current						
Bank loans — secured	3.06–7.98	2021–2024	8,861,268	5.24–8.50	2020–2021	2,186,900
Bank loans — unsecured	5.23–6.65	2021–2023	2,810,611	3.06–8.50	2020–2023	7,004,670
Other loans — secured	6.65–12.00	2021	1,831,633	6.41–8.00	2020	565,700
Other loans — unsecured	–	–	–	7.55–10.90	2020	2,209,700
			13,503,512			11,966,970
			26,991,753			21,544,062

26. BANK AND OTHER LOANS (CONTINUED)

	2019 RMB'000	2018 RMB'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**11,345,341**	6,579,292
In the second year	**5,125,043**	2,028,080
In the third to fifth years, inclusive	**6,546,836**	7,163,490
	23,017,220	15,770,862
Other loans repayable:		
Within one year	**2,142,900**	2,997,800
In the second year	**1,831,633**	2,775,400
	3,974,533	5,773,200
	26,991,753	21,544,062
Portion classified as current liabilities		
— based on maturity terms of the loans	**(9,443,571)**	(7,826,892)
— based on the accumulated pre-sales/sales amount of the property development projects and presented as other current liabilities (note 28)	**(4,044,670)**	(1,750,200)
Non-current liabilities	**13,503,512**	11,966,970

Notes:

(a) Certain of the Group's bank and other loans are secured by the Group's equity interests in certain subsidiaries, bank deposits, land and buildings, investment properties, properties held for development for sale, properties under development for sale and completed properties for sale, details of which are disclosed in note 39 to the financial statements.

(b) Except for certain bank and other loans of RMB4,117,347,000 (2018: RMB3,403,248,000) and RMB3,807,075,000 (2018: RMB3,683,677,000) as at 31 December 2019 which were denominated in HK$ and Singapore dollars ("SG$"), respectively, all of the Group's bank and other loans were denominated in RMB.

27. SENIOR NOTES

	Effective interest rate (% per annum)	31 December 2019 RMB'000	31 December 2018 RMB'000
US$260m Senior Notes (notes (i), (xvi))	7.91	–	1,839,031
US$200m Senior Notes (notes (ii), (xvi))	5.80	**1,389,500**	1,357,860
US$450m Senior Notes (notes (iii), (xvi))	5.42	**3,129,141**	3,023,365
US$250m Senior Notes (notes (iv), (xvi))	6.75	**1,766,909**	1,720,840
SG$200m Senior Notes (notes (v), (xvi))	6.60	**1,017,416**	1,003,312
US$300m Senior Notes (notes (vi), (xvi))	7.32	**2,101,581**	2,045,408
US$100m Senior Notes (notes (vii), (xvi))	7.62	**697,852**	677,384
US$300m Senior Notes due 2021 (notes (viii), (xvi))	8.05	**2,118,895**	2,062,713
US$80m Senior Notes (notes (ix), (xvi))	9.74	**553,331**	526,979
US$370m Senior Notes (notes (x), (xvi))	9.20	**2,574,819**	2,507,775
US$50m Senior Notes (notes (xi), (xvi))	9.45	**324,114**	–
US$300m Senior Notes due 2022 (notes (xii), (xvi))	7.78	**2,123,224**	–
US$400m Senior Notes due 2023 (notes (xiii), (xvi))	6.76	**2,838,873**	–
US$100m Senior Notes due 2024 (notes (xiv), (xvi))	7.60	**688,148**	–
		21,323,803	16,764,667
Portion classified as current liabilities (note (xv))		**(3,128,150)**	–
Non-current portion (note (xv))		**18,195,653**	16,764,667
Analysed into:			
Repayable:			
Within one year		**3,128,150**	–
In the second year		**7,702,653**	6,231,645
In the third to fifth years, inclusive		**10,493,000**	10,533,022
		21,323,803	16,764,667

27. SENIOR NOTES (CONTINUED)

Notes:

(i) On 19 January 2016, the Company issued senior notes with a principal amount of US$260,000,000 due in 2020 (the "US$260m Senior Notes"). The senior notes are interest bearing at 7.70% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 19 January 2020. At any time and from time to time on or after 19 January 2019, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum. On 12 August 2019, the Company early redeemed the US$260m Senior Notes in full before their maturity at a total redemption price of US$269,079,000, representing 103.0% of the principal amount plus accrued and unpaid interest.

(ii) On 3 January 2017, the Company issued senior notes with a principal amount of US$200,000,000 due in 2022 (the "US$200m Senior Notes"). The senior notes are interest bearing at 5.75% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 3 January 2022. At any time and from time to time on or after 3 January 2020, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

(iii) On 23 May 2017, the Company issued senior notes with a principal amount of US$450,000,000 due in 2023 (the "US$450m Senior Notes"). The senior notes are interest bearing at 5.25% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 23 February 2023. At any time and from time to time on or after 23 May 2020, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

(iv) On 7 March 2018, the Company issued senior notes with a principal amount of US$250,000,000 due in 2021 ("US$250m Senior Notes"). The senior notes are interest bearing at 6.375% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 7 March 2021. At any time and from time to time on or after 7 March 2020, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

(v) On 16 April 2018, the Company issued senior notes with a principal amount of SG$200,000,000 due in 2021 ("SG$200m Senior Notes"). The senior notes are interest bearing at 6.125% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 16 April 2021. At any time and from time to time on or after 16 April 2020, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

(vi) On 24 April 2018, the Company issued senior notes with a principal amount of US$300,000,000 due in 2021 ("US$300m Senior Notes"). The senior notes are interest bearing at 6.875% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 24 April 2021. At any time and from time to time on or after 24 April 2020, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

(vii) On 30 May 2018, the Company issued senior notes with a principal amount of US$100,000,000 due in 2021 ("US$100m Senior Notes"). The senior notes are consolidated and form a single series with the US$300m Senior Notes due 2021 issued on 24 April 2018. The senior notes are interest bearing at 6.875% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 24 April 2021. At any time and from time to time on or after 24 April 2020, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

(viii) On 27 August 2018, the Company issued senior notes with a principal amount of US$300,000,000 due in 2021 ("US$300m Senior Notes due 2021"). The senior notes are interest bearing at 7.5% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 27 August 2021. At any time and from time to time prior to 27 August 2020, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

27. SENIOR NOTES (CONTINUED)

Notes: (Continued)

(ix) On 6 December 2018, the Company issued senior notes with a principal amount of US$80,000,000 due in 2020 ("US$80m Senior Notes"). The senior notes are interest bearing at 6.95% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 5 June 2020. At any time and from time to time prior to 5 June 2020, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

(x) On 12 December 2018, the Company issued senior notes with a principal amount of US$370,000,000 due in 2020 ("US$370m Senior Notes"). The senior notes are interest bearing at 8.75% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 12 December 2020. At any time and from time to time prior to 12 December 2020, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

(xi) On 9 January 2019, the Company issued senior notes with a principal amount of US$50,000,000 due in 2022 ("US$50m Senior Notes"). The senior notes are consolidated and form a single series with the US$200m Senior Notes due in 2022 issued on 3 January 2017. The senior notes are interest bearing at 5.75% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 3 January 2022. At any time and from time to time on or after 3 January 2020, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

(xii) On 25 February 2019, the Company issued senior notes with a principal amount of US$300,000,000 due in 2022 ("US$300m Senior Notes due 2022"). The senior notes are interest bearing at 7.50% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 25 August 2022. At any time and from time to time prior to 25 February 2021, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

(xiii) On 16 July 2019, the Company issued senior notes with a principal amount of US$400,000,000 due in 2023 ("US$400m Senior Notes due 2023"). The senior notes are interest bearing at 6.50% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 16 July 2023. At any time and from time to time on or after 16 July 2021, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

(xiv) On 9 September 2019, the Company issued senior notes with a principal amount of US$100,000,000 due in 2024 ("US$100m Senior Notes due 2024"). The senior notes are interest bearing at 6.90% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 9 June 2024. At any time and from time to time on or after 9 September 2022, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

(xv) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

(xvi) Redemption call options represent the fair value of the Company's options to early redeem the senior notes and are recorded as derivative financial instruments under "Trade and other receivables, prepayments and other assets" (note 21). The assumptions applied in determining the fair value of the redemption call options as at 31 December 2019 and 31 December 2018 are set out in note 44.

28. CORPORATE BONDS

	2019 RMB'000	2018 RMB'000
Corporate bonds due in 2019	—	3,252,449
Corporate bonds due in 2020	4,490,000	4,490,000
Corporate bonds due in 2021	3,372,000	4,400,000
Corporate bonds due in 2022	8,490,000	8,490,000
Corporate bonds due in 2023	1,000,000	—
Corporate bonds due in 2024	4,010,000	—
	21,362,000	20,632,449
Analysed into:		
Repayable:		
Within one year	12,980,000	7,652,449
In the second year	3,372,000	4,490,000
In the third to fifth years, inclusive	5,010,000	8,490,000
	21,362,000	20,632,449
Portion classified as non-current liabilities	(8,382,000)	(12,980,000)
Current liabilities	12,980,000	7,652,449
Bank and other loans classified as current liabilities based on the accumulated pre-sales/sales amount of the property development projects (note 26)	4,044,670	1,750,200
Total other current liabilities	17,024,670	9,402,649

28. CORPORATE BONDS (CONTINUED)

Notes:

(i) On 19 August 2015 and 27 August 2015, Shenzhen Logan Holdings Co., Ltd. ("Shenzhen Logan"), a company established in the PRC and a wholly-owned subsidiary of the Company, issued domestic corporate bonds on the Shanghai Stock Exchange. The coupon rates of the first and second tranches with principal amounts of RMB4,000,000,000 and RMB1,000,000,000 were fixed at 5% per annum and 4.77% per annum, respectively. The terms of the first and second tranches of corporate bonds were 5 year and 4 years. At the end of third year and second year, Shenzhen Logan shall be entitled to adjust the coupon rates of the first and second tranches of corporate bonds respectively and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan.

On 19 August 2018, Shenzhen Logan had adjusted the coupon rate of the first tranche of corporate bonds from 5% per annum to 7.3% per annum and the first tranche of corporate bonds with an aggregate principal amount of RMB10,000,000 was sold back to Shenzhen Logan; the first tranche of corporate bonds with a remaining principal amount of RMB3,990,000,000 was due in August 2020 and was classified as a current liability as at 31 December 2019.

The second tranche of the corporate bonds with a remaining principal amount of RMB762,449,000 was due and fully paid upon maturity in August 2019.

(ii) On 13 January 2016 and 16 May 2016, Shenzhen Logan issued non-public domestic corporate bonds on the Shanghai Stock Exchange. The coupon rates of the first and second tranches with principal amounts of RMB2,500,000,000 and RMB500,000,000 were fixed at 5.8% per annum and 5.2% per annum, respectively. The terms of the first and second tranches of corporate bonds were 3 years and 4 years. At the end of the second year, Shenzhen Logan shall be entitled to adjust the coupon rate of the first and second tranches of corporate bonds respectively and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan.

On 13 January 2018, Shenzhen Logan had adjusted the coupon rate of the first tranche of corporate bonds from 5.8% per annum to 6.88% per annum and the first tranche of corporate bonds with an aggregate principal amount of RMB10,000,000 was sold back to Shenzhen Logan; the first tranche of corporate bonds with a remaining principal amount of RMB2,490,000,000 was due and fully paid upon maturity in January 2019.

On 16 May 2018, Shenzhen Logan had adjusted the coupon rate of the second tranche of corporate bonds from 5.2% per annum to 6.99% per annum. The second tranche of corporate bonds amounting to RMB500,000,000 is due in May 2020 and was classified as a current liability as at 31 December 2019.

(iii) On 25 July 2016, Shenzhen Logan issued non-public domestic corporate bonds on the Shenzhen Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB3,000,000,000 was 5.15% per annum. The terms of the domestic corporate bonds were 5 years. At the end of the third year, Shenzhen Logan shall be entitled to adjust the coupon rate of domestic corporate bonds and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan.

On 25 July 2019, Shenzhen Logan had adjusted the coupon rate of corporate bonds from 5.15% per annum to 6.00% per annum and the corporate bonds with an aggregate principal amount of RMB1,028,000,000 were sold back to Shenzhen Logan; the corporate bonds with a remaining principal amount of RMB1,972,000,000 is due in July 2021 and were classified as a non-current liability as at 31 December 2019.

(iv) On 21 October 2016, Shenzhen Logan issued domestic corporate bonds on the Shenzhen Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB1,400,000,000 was 3.4% per annum. The terms of the domestic corporate bonds were 5 years. At the end of the third year, Shenzhen Logan shall be entitled to adjust the coupon rate of domestic corporate bonds and bond holders shall be entitled to sell back the bonds to Shenzhen Logan.

On 20 October 2019, Shenzhen Logan had adjusted the coupon rate of corporate bonds from 3.4% per annum to 5.2% per annum and the corporate bonds with a principal amount of RMB1,400,000,000 is due in October 2021 and were classified as a non-current liability as at 31 December 2019.

(v) On 1 February 2018, 22 March 2018, 21 May 2018 and 7 December 2018, Shenzhen Logan issued non-public domestic corporate bonds on the Shanghai Stock Exchange. The coupon rates of the first, second, third and fourth tranches with principal amounts of RMB2,000,000,000, RMB2,000,000,000, RMB1,000,000,000 and RMB1,000,000,000 were fixed at 6.99% per annum, 7.20% per annum, 7.30% per annum and 7% per annum, respectively. The terms of all these four domestic corporate bonds were 4 years. At the end of second year, Shenzhen Logan shall be entitled to adjust the coupon rates of all these four domestic corporate bonds and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan. These four corporate bonds were classified as current liabilities as at 31 December 2019.

28. CORPORATE BONDS (CONTINUED)

Notes: (Continued)

(vi) On 20 November 2018, Shenzhen Logan issued domestic corporate bonds on the Shenzhen Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB2,490,000,000 was 5.98% per annum. The terms of the domestic corporate bonds were 4 years. At the end of the second year, Shenzhen Logan shall be entitled to adjust the coupon rate of domestic corporate bonds and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan. The corporate bonds were classified as a current liability as at 31 December 2019.

(vii) On 19 March 2019, Shenzhen Logan issued domestic corporate bonds on the Shenzhen Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB1,510,000,000 was 5.50% per annum. The terms of the domestic corporate bonds were 5 years. At the end of the third year, Shenzhen Logan shall be entitled to adjust the coupon rate, and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan. The corporate bonds were classified as a non-current liability as at 31 December 2019.

(viii) On 5 August 2019, Shenzhen Logan issued two tranches of private domestic corporate bonds. The coupon rates of the first and second tranches with principal amounts of RMB500,000,000 and RMB1,000,000,000 were fixed at 6.5% per annum and 6.2% per annum, respectively. The terms of the first and second tranches of corporate bonds were 5 years and 4 years, respectively. At the end of the third year and the second year, Shenzhen Logan shall be entitled to adjust the coupon rates of the first and second tranches of corporate bonds respectively and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan. The corporate bonds were classified as a non-current liability as at 31 December 2019.

(ix) On 18 November 2019, Shenzhen Logan issued public domestic corporate bonds on the Shanghai Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB2,000,000,000 was 5.09% per annum. The terms of the domestic corporate bonds were 5 years. At the end of the third year, Shenzhen Logan shall be entitled to adjust the coupon rate, and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan. The corporate bonds were classified as a non-current liability as at 31 December 2019.

29. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

	Revaluation of properties RMB'000	Fair value adjustments arising from business combination RMB'000	Total RMB'000
At 1 January 2018	2,538,037	170,366	2,708,403
Charged/(credited) to profit or loss during the year	435,182	(3,680)	431,502
Acquisition of subsidiaries (note 35(b))	—	135,009	135,009
At 31 December 2018 and 1 January 2019	**2,973,219**	**301,695**	**3,274,914**
Charged/(credited) to profit or loss during the year	**425,495**	**(175,592)**	**249,903**
Acquisition of subsidiaries (note 35(b))	**—**	**1,091,634**	**1,091,634**
At 31 December 2019	**3,398,714**	**1,217,737**	**4,616,451**

29. DEFERRED TAX (CONTINUED)

Deferred tax assets

	Unrealised profits arising from intra-group transactions RMB'000	Provision for LAT RMB'000	Losses available for offsetting against future taxable profits RMB'000	Total RMB'000
At 1 January 2018	265,195	499,030	139,088	903,313
Credited to profit or loss during the year	204,418	156,471	88,029	448,918
At 31 December 2018 and 1 January 2019	**469,613**	**655,501**	**227,117**	**1,352,231**
Credited to profit or loss during the year	**122,656**	**81,657**	**136,318**	**340,631**
At 31 December 2019	**592,269**	**737,158**	**363,435**	**1,692,862**

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

	2019 RMB'000	2018 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	**(914,263)**	(649,725)
Net deferred tax liabilities recognised in the consolidated statement of financial position	**3,837,852**	2,572,408
	2,923,589	1,922,683

Pursuant to the PRC CIT Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement became effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in the PRC in respect of earnings generated from 1 January 2008.

At 31 December 2019, no deferred tax has been recognised for withholding taxes that would be payable on unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB40,882,914,000 at 31 December 2019 (2018: RMB34,368,743,000).

29. DEFERRED TAX (CONTINUED)

In the opinion of the directors, the Group's tax losses in respect of which deferred tax assets have not been recognised was not significant as at the end of the reporting period.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

30. SHARE CAPITAL

A summary of movements in the Company's issued share capital is as follows:

	2019 Number of shares '000	2019 HK$'000	2018 Number of shares '000	2018 HK$'000
Ordinary shares, issued and fully paid:				
At 1 January	**5,490,197**	**549,020**	5,487,167	548,717
Repurchase of shares	**(19,130)**	**(1,913)**	(15,086)	(1,509)
Issuance of shares in connection with the exercise of share options	**31,793**	**3,179**	18,116	1,812
At 31 December	**5,502,860**	**550,286**	5,490,197	549,020
RMB'000 equivalent at 31 December		**435,167**		434,041

Notes:

(a) Pursuant to section 37(3) of the Companies Law of the Cayman Islands, an amount equivalent to the fair value of the shares repurchased and cancelled of HK$196,783,000 (equivalent to approximately RMB173,002,000) (2018: HK$130,949,000 (equivalent to approximately RMB114,755,000) was transferred out from share capital, share premium and retained profits during the year.

(b) During the year, the subscription rights attached to 31,792,700 (2018: 18,115,500) share options were exercised at the subscription price of HK$2.340 (2018: HK$2.340) per share, resulting in the issue of an aggregate of 31,792,700 shares for a total cash consideration of HK$74,395,000 (equivalent to approximately RMB63,007,000) (2018: HK$42,390,000 (equivalent to approximately RMB36,761,000)) before expenses. An amount of HK$33,486,000 (equivalent to approximately RMB29,823,000) (2018: HK$18,519,000 (equivalent to approximately RMB14,824,000)) was transferred from the share option reserve to the share premium account upon the exercise of the share options.

Share options

Details of the Company's share option scheme are included in note 31 to the consolidated financial statements.

31. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") which was adopted by an ordinary resolution of the shareholders of the Company on 18 November 2013. Full-time and part-time employees, executives, officers or directors (including independent non-executive directors) of the Group and any advisors, consultants, agents, suppliers, customers, distributors and such other persons who, in the sole opinion of the Board, will contribute or have contributed to the Group are included in the eligible participants under the Scheme. The maximum number of shares may be granted is 10% of the shares in issue immediately upon completion of the Global offering. Each participant cannot be entitled to more than 0.1% of the total number of shares in issue in any 12-month period unless approval from the independent non-executive directors of the Company is obtained. The option shall expire, in any event, not later than 10 years from the date of grant of the option subject to the provision for early termination set out in the Scheme.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 30% of the total number of shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to directors, chief executive or substantial shareholder of the Company, or to any of their respective associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 30 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors and ends on a date which is not later than 10 years from the date of offer of the share options.

The exercise price of the share option is determinable by the directors, but should not be less than the highest of (i) the official closing price of the shares of the Company as stated in the Stock Exchange daily quotation sheet on the date of grant of the share options; (ii) the average official closing price of the shares of the Company as stated in the Stock Exchange for the five business days immediately preceding the date of the offer; and (iii) the nominal value of the shares of the Company.

Share options do not confer rights on the holders to dividends or to vote at shareholder's meetings.

31. SHARE OPTION SCHEME (CONTINUED)

The following share options were outstanding under the Scheme during the year:

	2019		2018	
	Weighted average exercise price HK$ per share	**Number of options**	Weighted average exercise price HK$ per share	Number of options
At beginning of year	**6.78**	**216,718,000**	4.49	167,160,500
Granted during the year	**12.64**	**10,500,000**	10.45	86,400,000
Lapsed during the year	**3.53**	**(5,174,800)**	7.43	(4,140,000)
Forfeited during the year	**9.34**	**(15,322,500)**	7.65	(14,587,000)
Exercised during the year	**2.34**	**(31,792,700)**	2.34	(18,115,500)
At 31 December	**7.81**	**174,928,000**	6.78	216,718,000

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2019 Number of options	2018 Number of options	Exercise price HK$	Exercise period
4,215,250	–	12.64	6/28/2022–6/28/2029
5,608,250	–	12.64	6/28/2023–6/28/2029
9,763,000	11,216,000	7.64	10/22/2021–10/22/2028
10,801,000	12,592,000	7.64	10/22/2022–10/22/2028
10,801,000	12,592,000	7.64	10/22/2023–10/22/2028
13,254,666	15,407,666	12.5	6/8/2021–6/8/2028
13,254,667	15,407,667	12.5	6/8/2023–6/8/2028
13,254,667	15,407,667	12.5	6/8/2024–6/8/2028
14,040,000	14,631,000	7.43	8/25/2020–8/25/2027
14,040,000	14,771,000	7.43	8/25/2021–8/25/2027
14,040,000	14,771,000	7.43	8/25/2022–8/25/2027
14,040,000	14,771,000	7.43	8/25/2023–8/25/2027
1,073,000	4,100,000	2.34	5/29/2016–5/28/2020
5,321,000	20,856,000	2.34	5/29/2017–5/28/2020
15,585,000	34,358,500	2.34	5/29/2018–5/28/2020
15,836,500	15,836,500	2.34	5/29/2019–5/28/2020
174,928,000	216,718,000		

31. SHARE OPTION SCHEME (CONTINUED)

The fair value of the share options granted during the year was HK$23,468,000 (equivalent to RMB21,022,000) (ranging from HK$2.23 to HK$2.24 each) (2018: HK$268,802,000 (equivalent to RMB235,524,000)), of which the Group recognised a share option expense of HK$2,801,000 (equivalent to RMB2,509,000) (2018: HK$13,713,000 (equivalent to RMB12,015,000)) during the year.

The fair value of equity-settled share options granted during the year was estimated as at the date of grant using a binomial pricing model, taking into account the terms and conditions upon which the options were granted and the following table lists the major inputs used:

	2019	October 2018	June 2018
Dividend yield (%)	7%	5%	3%
Expected volatility (%)	37%	37%	35%
Risk-free interest rate (%)	1.46%	2.45%	2.29%
Exit rates of the grantees of the options granted under the Scheme (%)	20%	7.5%	7.5%

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

At the end of the reporting period, the Company had 174,928,000 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 174,928,000 additional ordinary shares of the Company and additional share capital of HK$17,493,000 (equivalent to RMB15,661,000) and share premium of HK$1,348,695,000 (equivalent to RMB1,208,134,000) (before issue expenses).

At the date of approval of these financial statements, the Company had 166,793,000 share options outstanding under the Scheme, which represented approximately 3.0% of the Company's shares in issue as at that date.

32. PERPETUAL CAPITAL SECURITIES

On 31 May 2017, the Company issued perpetual capital securities with a principal amount of US$350,000,000 (equivalent to approximately RMB2,363,346,000).

The securities confer the holders a right to receive distributions at the applicable distribution rate of 7% per annum from and including 31 May 2017, payable semi-annually on 31 May and 30 November of each year. The Company may, at its sole discretion, elect to defer a distribution pursuant to the terms of the securities. Unless and until the Company satisfies in full all outstanding arrears of distribution and any additional distribution amount, the Company shall not declare or pay any dividends, distributions or make payment on, and will procure that no dividend or other payment is made on or redeem, reduce, cancel, buy-back or acquire for any consideration any share capital thereof. The securities may be redeemed at the option of the Company, in whole but not in part.

In the opinion of the directors, the Company is able to control the delivery of cash or other financial assets to the holders of the perpetual capital securities due to redemption other than an unforeseen liquidation of the Company. Accordingly, the perpetual capital securities are classified as equity instruments of the Company.

33. RESERVES

(i) Share premium

The share premium account is governed by the Companies Law of the Cayman Islands and may be applied by the Company subject to the provisions, if any, of its memorandum and articles of association in paying distributions or dividends to equity shareholders.

(ii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of group entities. The reserve is dealt with in accordance with the accounting policy set out in note 3.

(iii) PRC statutory reserves

PRC statutory reserves include the general reserve, statutory surplus reserve and statutory reserve fund.

General reserve

The general reserve is non-distributable and the transfer to this reserve is determined by the board of directors in accordance with the relevant laws and regulations of the PRC. This reserve can be used to offset accumulated losses and increase capital upon approval from the relevant authorities.

Statutory surplus reserve

According to the PRC Company Law, the PRC subsidiaries of the Group (excluding foreign investment enterprises) are required to transfer 10% of their profit after taxation, as determined under the PRC Accounting Regulations, to the statutory surplus reserve until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders.

Statutory reserve fund

Statutory reserve fund can be used to make good previous years' losses, if any, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital.

(iv) Share-based compensation reserve

Share-based compensation reserve represents the fair value of services in respect of share options granted under the share option scheme.

The share options lapsed due to the resignation of certain mid-level managers. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the related share-based compensation reserve is transferred to retained profits.

34. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS

The following table lists out the information relating to Foshan Junshen, Heyuan Meiping and Huizhou Dongzhen, the subsidiaries of the Group which have material non-controlling interests ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination.

	Foshan Junshen*	Heyuan Meiping*	Huizhou Dongzhen	
	2019 RMB'000	**2019 RMB'000**	**2019 RMB'000**	2018 RMB'000
NCI percentage	**50%**	**25%**	**18%**	18%
Current assets	**4,173,827**	**3,612,694**	**8,221,668**	9,429,433
Non-current assets	**189**	**267**	**5,160,025**	2,513,183
Current liabilities	**(570,866)**	**(785,709)**	**(6,034,192)**	(3,257,267)
Non-current liabilities	**—**	**—**	**(461,735)**	(1,746,191)
Net assets	**3,603,150**	**2,827,252**	**6,885,766**	6,939,158
Carrying amount of NCI	**1,800,751**	**2,000,000#**	**1,516,705#**	1,500,000
Revenue	**—**	**—**	**4,294,839**	185,567
(Loss)/profit for the year	**(14,196)**	**(34,055)**	**798,608**	(136,229)
Total comprehensive (loss)/income	**(14,196)**	**(34,055)**	**798,608**	(136,229)
(Loss)/profit allocated to NCI	**(7,098)**	**—**	**16,705**	—
Cash (outflow)/inflow from operating activities	**(1,812,704)**	**238,271**	**996,205**	(1,206,171)
Cash outflow from investing activities	**—**	**(297)**	**—**	—
Cash inflow from financing activities	**1,810,000**	**2,000,000**	**1,582,000**	1,683,000

* These subsidiaries have no non-controlling interests as at 31 December 2018.

\# The net assets attributable to NCI is the sum of the capital injection plus the share of profit or loss of the relevant projects.

35. ACQUISITIONS OF SUBSIDIARIES

(a) Acquisition of subsidiaries that are not a business

(i) Year ended 31 December 2019

During the year ended 31 December 2019, the Group acquired 100% equity interests in certain assets through acquisition of Huizhou Dejie from an independent third party and joint venture of the Group and acquired the remaining 50% equity interests in assets from joint ventures of the Group. Upon the completion of acquisitions, the acquired companies became wholly-owned subsidiaries of the Group. The following table summarises the financial information in relation to the acquisition of subsidiaries.

	Huizhou Dejie RMB'000	Runjing Printing RMB'000	Others RMB'000	Total RMB'000
Other property, plant and equipment	4,369	12,190	8,594	25,153
Inventories	1,206,810	1,890,185	489,745	3,586,740
Other receivables	112,326	674	751	113,751
Tax recoverable	368	106	1,166	1,640
Cash and bank balances	402	2,501	7,950	10,853
Trade and other payables	(98,275)	(5,656)	(438,206)	(542,137)
	1,226,000	1,900,000	70,000	3,196,000
Satisfied by:				
Cash consideration	1,226,000	1,900,000	70,000	3,196,000
	1,226,000	1,900,000	70,000	3,196,000

An analysis of the cash flows in respect of the above acquisitions is as follows:

	Huizhou Dejie RMB'000	Runjing Printing RMB'000	Others RMB'000	Total RMB'000
Cash consideration paid	(1,226,000)	(1,900,000)	(70,000)	(3,196,000)
Cash and bank balances acquired	402	2,501	7,950	10,853
Net outflow of cash and cash equivalents included in cash flows from investing activities	(1,225,598)	(1,897,499)	(62,050)	(3,185,147)

35. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

(a) Acquisition of subsidiaries that are not a business (Continued)

(ii) Year ended 31 December 2018

During the year ended 31 December 2018, the Group acquired certain assets through acquisition of subsidiaries from the joint ventures of the Group. The following table summarises the financial information in relation to the acquisition of subsidiaries.

	Shenzhen Xingze Investment Co. Ltd. RMB'000	Zhongshan Lianan Property Co. Ltd. RMB'000	Shenzhen Kangqiao RMB'000	Total RMB'000
Other property, plant and equipment	37,806	93	397	38,296
Inventories	466,385	205,090	12,744,382	13,415,857
Other receivables	—	144,680	995	145,675
Tax recoverable	753	2,012	8,755	11,520
Cash and bank balances	60,777	253,693	17,305	331,775
Trade and other payables	(144,721)	(172,019)	(2,411,834)	(2,728,574)
Bank and other loans	(421,000)	(250,000)	—	(671,000)
Net identifiable assets	—	183,549	10,360,000	10,543,549
Satisfied by:				
Cash consideration	—	183,549	—	183,549
Offset against an amount due from a joint venture included in trade and other receivables, prepayments and other assets	—	—	2,817,837	2,817,837
Amount due to a joint venture included in trade and other payables	—	—	7,542,163	7,542,163
	—	183,549	10,360,000	10,543,549

35. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

(a) Acquisition of subsidiaries that are not a business (Continued)

(ii) Year ended 31 December 2018 (Continued)

An analysis of the cash flows in respect of the above acquisitions is as follows:

	Shenzhen Xingze Investment Co. Ltd. RMB'000	Zhongshan Lianan Property Co. Ltd. RMB'000	Shenzhen Kangqiao RMB'000	Total RMB'000
Cash consideration paid	—	(183,549)	—	(183,549)
Cash and bank balances acquired	60,777	253,693	17,305	331,775
Net inflow of cash and bank balances included in cash flows from investing activities	60,777	70,144	17,305	148,226

(b) Acquisition of subsidiaries that are a business

(i) Year ended 31 December 2019

In March 2019, the Group entered into equity transfer agreements with an associate partner and certain joint ventures for the acquisitions of 50% equity interest in Shenzhen Kaifung and entire equity interest in the companies set out below. Upon completion of the acquisitions, the acquired companies became wholly-owned subsidiaries of the Group. These acquired companies are principally engaged in the business of property development and property investment in the PRC.

35. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

(b) Acquisition of subsidiaries that are a business (Continued)

(i) Year ended 31 December 2019 (Continued)

The fair values of the identifiable assets and liabilities of the above transactions as at the date of acquisition were as follows:

	Notes	Shenzhen Kaifung RMB'000	Nanning Hengliang RMB'000	Heyuan Meiping RMB'000	Nanning Yaotai RMB'000	Others RMB'000	Total RMB'000
Investment properties	16	4,257,550	–	–	–	1,326,506	5,584,056
Other property, plant and equipment		1,317	95	85	1,568	684,539	687,604
Inventories		14,924,063	2,481,140	3,430,005	2,649,597	7,145,335	30,630,140
Trade and other receivables, prepayments and other assets		103,425	83,457	72,258	83,500	3,005,855	3,348,495
Tax recoverable		698,186	165,112	22,016	274,548	798,932	1,958,794
Cash and bank balances		1,382,052	1,190,949	99,622	2,482,137	4,176,033	9,330,793
Trade and other payables		(6,231,977)	(955,466)	(140,111)	(217,724)	(3,786,749)	(11,332,027)
Contract liabilities		(8,047,606)	(2,276,394)	(327,687)	(3,979,185)	(8,761,735)	(23,392,607)
Deferred tax liabilities	29	(202,857)	(16,789)	(575,892)	(21,294)	(274,802)	(1,091,634)
Bank and other loans		(6,390,000)	(664,800)	–	(1,260,768)	(3,389,100)	(11,704,668)
Total identifiable net assets at fair value		494,153	7,304	2,580,296	12,379	924,814	4,018,946
Gains on bargain purchase		(239,577)	2,696	(296)	3,811	(117,950)	(351,316)
Gain on remeasurement of pre-existing interests in joint ventures and an associate		(239,514)	–	–	(6,190)	(645)	(246,349)
Total consideration		15,062	10,000	2,580,000	10,000	806,219	3,421,281
Satisfied by:							
Cash consideration		7,500	10,000	2,580,000	–	796,219	3,393,719
Consideration payable included in trade and other payables		–	–	–	10,000	10,000	20,000
Reclassification from pre-existing interest in an associate to investment in a subsidiary		7,562	–	–	–	–	7,562
		15,062	10,000	2,580,000	10,000	806,219	3,421,281

35. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

(b) Acquisition of subsidiaries that are a business (Continued)

(i) Year ended 31 December 2019 (Continued)

An analysis of the cash flows in respect of the acquisitions is as follows:

	RMB'000
Cash consideration paid	(3,393,719)
Cash and bank balances acquired	9,330,793
Net inflow of cash and bank balances included in cash flows from investing activities	5,937,074

The fair value of the other receivables as at the date of the acquisition amounted to RMB3,079,719,000. The gross contractual amount of other receivables was RMB3,079,719,000, of which nil is expected to be uncollectible.

Since the acquisitions, the subsidiaries acquired during the year contributed RMB15,505,795,000 to the Group's revenue and RMB2,115,740,000 to the consolidated profit for the year.

Had the combination taken place at the beginning of the year, the revenue and the profit of the Group for the year would have been RMB57,480,418,000 and RMB11,380,563,000, respectively.

(ii) Year ended 31 December 2018

On 1 June 2018, the Group entered into a voting rights amendment agreement with a joint venture partner, which owns 50% of equity interest in Foshan Logan Junjing, a 50%-owned joint venture of the Group, pursuant to which the Group can exercise 51% of voting rights in shareholder's meeting and appoint three out of five directors in the board of directors of Foshan Logan Junjing. Upon execution of the voting rights amendment agreement on 1 June 2018, the Group is entitled to control the financial and operating activities of Foshan Logan Junjing. Foshan Logan Junjing is principally engaged in the business of property development in Foshan.

In December 2018, the Group entered into equity transfer agreements with certain joint venture partners for the acquisitions of the remaining equity interests in six existing joint ventures. The equity interests acquired in the acquisitions are ranging from 50% to 100%. Upon completion of the acquisitions in December 2018, the six acquired companies became wholly-owned subsidiaries of the Group. These acquired companies are principally engaged in the business of property development in the PRC.

35. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

(b) Acquisition of subsidiaries that are a business (Continued)

(ii) Year ended 31 December 2018 (Continued)

The fair values of the identifiable assets and liabilities of the above transactions as at the date of acquisition were as follows:

	Notes	Foshan Logan Junjung RMB'000	Others RMB'000	Total RMB'000
Other property, plant and equipment	15	40	3,472	3,512
Inventories		3,911,527	5,257,193	9,168,720
Trade and other receivables, prepayments and other assets		4,053,809	2,580,872	6,634,681
Tax recoverable		533,646	342,398	876,044
Cash and bank balances		997,377	1,691,596	2,688,973
Trade and other payables		(6,754,632)	(4,996,525)	(11,751,157)
Deferred tax liabilities	29	—	(135,009)	(135,009)
Bank and other loans		(2,647,000)	(3,320,000)	(5,967,000)
Total identifiable net assets at fair value		94,767	1,423,997	1,518,764
Gain on bargain purchase		—	(38)	(38)
Gain on remeasurement of pre-existing interests in joint ventures		(47,384)	—	(47,384)
Non-controlling interests		(47,383)	—	(47,383)
Total consideration		—	1,423,959	1,423,959
Satisfied by:				
Trade and other payables		—	702,630	702,630
Reclassification from pre-existing interests in joint ventures to investments in subsidiaries		—	721,329	721,329
		—	1,423,959	1,423,959

35. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

(b) Acquisition of subsidiaries that are a business (Continued)

(ii) Year ended 31 December 2018 (Continued)

An analysis of the cash flows in respect of the acquisitions is as follows:

	RMB'000
Cash consideration paid	—
Cash and bank balances acquired	2,688,973
Net inflow of cash and bank balances included in cash flows from investing activities	2,688,973

The fair value of the other receivables as at the date of the acquisition amounted to RMB6,521,491,000. The gross contractual amount of other receivables was RMB6,521,491,000, of which nil is expected to be uncollectible.

During the year ended 31 December 2018, the Group acquired six subsidiaries from the joint venture partners of the Group.

The results of the subsidiaries acquired during the prior year had no significant impact on the Group's consolidated revenue or profit for the prior year.

Had the combination taken place at the beginning of the prior year, the revenue and the profit of the Group for the prior year would have been RMB44,136,908,000 and RMB8,879,414,000, respectively.

36. DISPOSAL OF SUBSIDIARIES

Deemed disposal of subsidiaries

The effect of such disposals on the Group's assets and liabilities is set out below:

	2019 RMB'000	2018 RMB'000
Net assets disposed of:		
Other property, plant and equipment	**666**	632
Inventories	**15,989,773**	10,491,830
Trade and other receivables, prepayments and other assets	**715,190**	5,219,089
Tax recoverable	**120,713**	42,593
Cash and bank balances	**1,840,973**	1,036,835
Trade and other payables	**(14,758,685)**	(8,241,548)
Bank and other loans	**(3,830,000)**	(8,317,484)
Net assets attributable to the Group disposed of	**78,630**	231,947
Gain on deemed disposal of subsidiaries, net	**89,913**	188,368
Reclassification to investments in joint ventures at fair value at the date of deemed disposal	**168,543**	420,315

An analysis of the net outflow of cash and bank balances in respect of the deemed disposal of subsidiaries is as follows:

	2019 RMB'000	2018 RMB'000
Cash and bank balances deconsolidated and outflow of cash and bank balances in respect of the deemed disposal of subsidiaries	**(1,840,973)**	(1,036,835)

37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transaction

In 2018, the Group acquired a subsidiary that is not a business from a joint venture at a consideration of RMB10,360,000,000, of which RMB2,817,837,000 was settled through offsetting against the amount due from the joint venture. Further details are set out in note 35(a)(ii) to the financial statements.

(b) Changes in liabilities arising from financing activities

	Interest payables included in trade and other payables RMB'000	Bank and other loans RMB'000	Senior notes RMB'000	Dividend payable included in trade and other payables RMB'000	Corporate bonds RMB'000	Liabilities under cross-border guarantee arrangements RMB'000	Amounts due to non-controlling shareholders/ former non-controlling shareholders included in trade and other payables RMB'000	Amounts due to joint ventures and associates included in trade and other payables RMB'000	Total RMB'000
At 1 January 2019	**700,292**	**21,544,062**	**16,764,667**	**2,247,453**	**20,632,449**	**3,041,568**	**10,684,550**	**15,381,635**	**90,996,676**
Changes from financing cash flows	**–**	**(2,782,050)**	**3,865,756**	**(979,211)**	**729,551**	**(2,119,574)**	**(4,741,577)**	**(3,750,914)**	**(9,778,019)**
Changes from non-financing cash flows	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(7,542,163)**	**(7,542,163)**
Acquisition of additional interests in subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**4,427,171**	**–**	**4,427,171**
Foreign exchange movement	**–**	**188,247**	**496,303**	**–**	**–**	**–**	**–**	**–**	**684,550**
Interest expense	**2,914,562**	**166,826**	**1,433,320**	**–**	**–**	**–**	**–**	**–**	**4,514,708**
Interest paid	**(2,863,521)**	**–**	**(1,236,243)**	**–**	**–**	**–**	**–**	**–**	**(4,099,764)**
Acquisition of subsidiaries	**–**	**11,704,668**	**–**	**–**	**–**	**–**	**–**	**(2,474,413)**	**9,230,255**
Deemed disposal of subsidiaries	**–**	**(3,830,000)**	**–**	**–**	**–**	**–**	**–**	**–**	**(3,830,000)**
Dividends declared	**–**	**–**	**–**	**4,099,645**	**–**	**–**	**–**	**–**	**4,099,645**
At 31 December 2019	**751,333**	**26,991,753**	**21,323,803**	**5,367,887**	**21,362,000**	**921,994**	**10,370,144**	**1,614,145**	**88,703,059**
At 1 January 2018	345,093	19,789,320	8,889,644	1,502,178	12,162,449	1,745,380	–	5,719,091	50,153,155
Changes from financing cash flows	–	3,346,071	6,987,933	(1,515,782)	8,470,000	687,911	10,684,550	(926,526)	27,734,157
Changes from non-financing cash flows	–	–	–	–	–	608,277	–	3,046,907	3,655,184
Foreign exchange movement	75,969	88,155	466,028	–	–	–	–	–	630,152
Interest expense	2,315,781	–	881,605	–	–	–	–	–	3,197,386
Interest paid	(2,036,551)	–	(460,543)	–	–	–	–	–	(2,497,094)
Increase arising from acquisition of subsidiaries	–	5,967,000	–	–	–	–	–	–	5,967,000
Increase arising from acquisition of subsidiaries that are not a business	–	671,000	–	–	–	–	–	7,542,163	8,213,163
Decrease arising from deemed disposal of subsidiaries	–	(8,317,484)	–	–	–	–	–	–	(8,317,484)
Dividends declared	–	–	–	2,261,057	–	–	–	–	2,261,057
At 31 December 2018	700,292	21,544,062	16,764,667	2,247,453	20,632,449	3,041,568	10,684,550	15,381,635	90,996,676

38. FINANCIAL GUARANTEES

At the end of the reporting period, the Group had the following financial guarantees:

	2019 RMB'000	2018 RMB'000
Guarantees in respect of mortgage facilities provided for certain purchasers of the Group's properties (notes (i) and (ii))	**36,322,302**	23,975,464
Guarantees given to banks and other lenders in connection with credit facilities granted to joint ventures and associates, net of counter-guarantees from joint venture partners	**7,695,074**	12,355,419
Add: Counter-guarantees provided by joint venture partners to the Group	**1,341,370**	6,455,097
Guarantees given to banks and other lenders in connection with credit facilities granted to joint ventures and associates provided by the Group (note (iii))	**9,036,444**	18,810,516
	45,358,746	42,785,980

The Group does not hold any collateral or other credit enhancements over the guarantees. The financial guarantee contracts are measured at the higher of the ECL allowance and the amount initially recognised less the cumulative amount of income recognised. The ECL allowance is measured by estimating the cash shortfalls, which are based on the expected payments to reimburse the holders for a credit loss that it incurs less any amounts that the Group expects to receive from the debtor. The amount initially recognised represents the fair value at initial recognition of the financial guarantees.

Notes:

(i) As at 31 December 2019, the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, in the event of default on mortgage payments by these purchasers before the expiry of the guarantees, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalties owed by the defaulted purchasers to the banks, net of any auction banks, net of any auction proceeds as described below.

Pursuant to the above arrangement, the related properties were pledged to the banks as collateral for the mortgage loans, in the event of default on mortgage repayments by these purchasers, the banks are entitled to take over the legal titles and will realise the pledged properties through open auction. The Group is responsible for repaying the banks when the proceeds from the auction of the properties cannot cover the outstanding mortgage principals together with the accrued interest and penalties.

The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance of real estate ownership certificates to the purchasers, which will generally be available within one to two years after the purchasers take possession of the relevant properties.

(ii) The fair value of the guarantees at initial recognition and the ECL allowance are not significant as the directors of the Company consider that in the event of default on payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principal together with the accrued interest and penalties.

38. FINANCIAL GUARANTEES (CONTINUED)

Notes: (Continued)

(iii) As at 31 December 2019, the Group provided guarantees to the extent of RMB9,036,444,000 (2018: RMB18,810,516,000) in respect of credit facilities granted to the joint ventures and associates. In addition, as at 31 December 2019, the joint venture partners entered into counter-guarantee agreements with the Group, pursuant to which the joint venture partners provided counter-guarantees to the Group in proportion to those joint venture partners' respective interests in the joint ventures in respect of guarantees provided by the Group to the banks and other lenders on behalf of the joint venture partners. In the event of default on payment by the joint ventures, the Group is responsible for repaying the outstanding loan principals together with the accrued interest and penalties owed by the joint ventures, and the Group has the right to recover from the joint venture partners the attributable portion of liabilities paid pursuant to the counter-guarantee agreements.

In the opinion of the directors, the fair value of the guarantees at initial recognition and the ECL allowance are not significant.

39. PLEDGE OF ASSETS

At the end of the reporting period, the Group's equity interests in certain subsidiaries and the following assets of the Group were pledged to secure certain bank and other loans granted to the Group:

	Notes	**2019** **RMB'000**	2018 RMB'000
Bank deposits	23	**336,946**	258,172
Other property, plant and equipment	15	**681,860**	—
Investment properties	16	**2,330,407**	—
Properties held for development for sale	20	**—**	399,380
Properties under development for sale	20	**16,951,354**	6,469,391
Completed properties for sale	20	**1,659,653**	556,256
		21,960,220	7,683,199

40. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2019 **RMB'000**	2018 RMB'000
Contracted, but not provided for	**16,462,461**	14,410,259

41. OPERATING LEASE COMMITMENTS

The Group leased certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to three years.

At 31 December 2018, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2018 RMB'000
Within one year	3,299
In the second to fifth years, inclusive	3,845
	7,144

42. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the year:

	Notes	2019 RMB'000	2018 RMB'000
Construction contracts income from related companies	(i)	**418,085**	134,133
Construction contracts income from joint ventures	(ii)	**9,295,618**	3,916,734
Construction contracts income from associates	(ii)	**894,220**	717,633
Project management service income from joint ventures	(ii)	**508,436**	452,884
Project management service income from associates	(ii)	**3,372**	—
Project management service income from related companies	(i)	**4,576**	3,206
Decoration income from related companies	(i)	**2,441**	8,754
Decoration income from joint ventures	(ii)	**184,736**	220,350
Decoration income from associates	(ii)	**325,816**	20,863
Design service income from related companies	(i)	**2,798**	—
Design service income from joint ventures	(ii)	**136,782**	172,225
Design service income from associates	(ii)	**7,297**	9,597
Rental income from related companies	(iii)	**4,777**	1,532
Rental income from joint ventures	(iii)	**432**	287
Rental income from associates	(iii)	**—**	4,109
Interest income from joint ventures	(iv)	**763,153**	717,551
Interest income from associates	(iv)	**197,870**	182,448
Consultancy fee to a joint venture	(v)	**88,000**	—

Notes:

(i) The income was derived from the construction, project management, decoration and design services provided to related companies controlled by Mr. Kei at rates similar to the terms and conditions set out in the contracts entered into with the other major customers of the Group.

(ii) The income represented the gross income derived from the construction, project management, decoration and design services provided to joint ventures and associates, which are before the elimination of relevant income between the Group and joint ventures or associates, at rates similar to the terms and conditions set out in the contracts entered into with the other major customers of the Group.

(iii) The income was derived from the leasing of the Group's investment properties to related companies controlled by Mr. Kei and joint ventures and associates at rates similar to the terms and conditions set out in the rental agreements entered into with the other tenants of the Group.

(iv) This represented the gross interest income from the joint ventures and associates, which is before the elimination of interest between the Group and joint ventures or associates. The Group has been providing funds to joint ventures and associates.

(v) This represented the consultancy fee for the services on primary land development provided by a joint venture to the Group at a rate determined in accordance with the terms and conditions set out in the contract entered into with the relevant party.

(b) Remuneration to key management personnel includes amounts paid to the directors as disclosed in note 10 and certain of the highest paid employees as disclosed in note 11.

Transactions in connection with construction contracts income, project management service income, decoration income and design service income from related companies above also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

43. FINANCIAL INSTRUMENTS BY CATEGORY

Except for the derivative financial instruments, which are classified as financial assets at fair value through profit or loss, other financial assets and financial liabilities of the Group as at 31 December 2019 and 2018 were financial assets at amortised cost, and financial liabilities at amortised cost, respectively.

44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts of the Group's financial instruments, other than derivative financial instruments, and senior notes and corporate bonds, reasonably approximate to their fair values.

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, restricted cash, trade receivables, trade and bills payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, the current portion of bank and other loans, amounts due from/to related parties approximate to their carrying amounts largely due to the short term maturities of these instruments.

For the Group's assets and liabilities not measured at fair value in the consolidated statement of financial position but for which the fair value is disclosed, (i) the carrying amounts of the amounts due from joint ventures and associates included in investments in joint ventures and associates and non-current portion of deposits, bank and other loans and liabilities under cross-border guarantee arrangements approximated to their fair values and were determined as Level 3; (ii) the fair values of the senior notes and certain corporate bonds were RMB22,214,115,000 with carrying amount of RMB21,323,803,000 and RMB11,570,684,000 with carrying amount of RMB11,390,000,000, respectively (2018: RMB16,388,433,000 with carrying amount of RMB16,764,667,000 and RMB8,722,542,000 with carrying amount of RMB8,642,449,000, respectively), and were determined as Level 1; and (iii) the fair values of the remaining corporate bonds were RMB10,031,752,000 with carrying amount of RMB9,972,000,000 (2018: RMB11,989,972,000 with carrying amount of RMB11,990,000,000), and were determined as Level 2.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of bank deposits, bank and other loans and corporate bonds and liabilities under cross-border guarantee arrangements have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values of the senior notes and corporate bonds are calculated with reference to quoted market prices at the reporting date. The changes in fair value as a result of the Group's own non-performance risk for bank and other loans as at 31 December 2019 and 2018 were assessed to be insignificant.

Derivative financial instruments are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. The carrying amounts of derivative financial instruments are the same as their fair values.

44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2019

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Senior notes redemption call options	**–**	**–**	**100,328**	**100,328**

As at 31 December 2018

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Senior notes redemption call options	–	–	65,548	65,548

Below is a summary of the valuation techniques used and the key inputs to the valuation of senior note redemption call options:

	Valuation techniques	Significant unobservable inputs	Range 2019	Range 2018
Senior note redemption call options	Residual method	Risk free rate	**1.450% to 1.700%**	1.870% to 2.598%
		Option adjusted spread	**2.916% to 4.720%**	3.930% to 6.894%
		Discount rate	**4.494% to 6.390%**	6.359% to 9.469%

The fair values of derivative financial instruments are determined using the residual method by subtracting the fair value of the straight debt from the quoted market price of the notes at the date of valuation. The fair value measurement is negatively correlated to risk free rate, option adjusted spread and discount rate.

The Group did not have any financial liabilities measured at fair values as at 31 December 2019 and 2018.

During the year, there were no transfers of fair value measurements between level 1 and level 2 and no transfers into or out of level 3 for both financial assets and financial liabilities (2018: Nil).

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise bank and other loans and senior notes and corporate bonds, amounts due from/to related parties, and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group's accounting policies related to derivatives are set out in note 3 to the financial statements.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Other than deposits held at banks, the Group does not have significant interest-bearing assets. Restricted deposits were held at banks in the PRC at the same savings rate of unrestricted deposits throughout the year. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank and other loans with floating interest rates.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax. There is no material impact on other components of the Group's equity.

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax RMB'000
2019		
RMB	**1%**	**(130,165)**
HK$	**1%**	**(46,212)**
US$	**1%**	**(4,182)**
SG$	**1%**	**(38,071)**
RMB	**(1%)**	**130,165**
HK$	**(1%)**	**46,212**
US$	**(1%)**	**4,182**
SG$	**(1%)**	**38,071**
2018		
RMB	1%	(81,458)
HK$	1%	(48,375)
US$	1%	(16,073)
SG$	1%	(36,837)
RMB	(1%)	81,458
HK$	(1%)	48,375
US$	(1%)	16,073
SG$	(1%)	36,837

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency risk

Under existing PRC foreign exchange regulations, payments of current account items, including dividends, trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the State Administration for Foreign Exchange Bureau by complying with certain procedural requirements. However, approval from appropriate PRC governmental authorities is required where RMB is to be converted into a foreign currency and remitted out of China to pay capital account items, such as the repayment of bank and other loans denominated in foreign currencies.

The Group's PRC subsidiaries may also retain foreign currencies in their current accounts to satisfy foreign currency liabilities or to pay dividends. Since foreign currency transactions on the capital account are still subject to limitations and require approval from the State Administration for Foreign Exchange Bureau, this could affect the Group's subsidiaries' ability to obtain required foreign currency through debt or equity financing, including by means of loans or capital contributions from the shareholders.

All the revenue-generating operations of the Group are transacted in RMB. The majority of the Group's assets and liabilities are denominated in RMB except for the Company and certain investment holding companies within the Group operating in Hong Kong and Singapore, in which bank and other loans, senior notes and other receivables were denominated either in HK$ and SG$, respectively. The fluctuation of exchange rates of RMB and HK$ against other foreign currencies will not have a material adverse effect on the operating results of the Group.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB exchange rates against HK$, US$ and SG$, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	Increase/ (decrease) in exchange rate	Increase/ (decrease) in profit before tax RMB'000
2019		
If HK$ weakens against RMB	**(5%)**	**(283,176)**
If HK$ strengthens against RMB	**5%**	**283,176**
If SG$ weakens against HK$	**(5%)**	**56,789**
If SG$ strengthens against HK$	**5%**	**(56,789)**
2018		
If HK$ weakens against RMB	(5%)	(109,709)
If HK$ strengthens against RMB	5%	109,709
If SG$ weakens against RMB	(5%)	133,056
If SG$ strengthens against RMB	5%	(133,056)

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk

It is the Group's policy that all customers are required to pay deposits in advance of the purchase of properties. In addition, the Group does not have any significant credit risk as the credit given to any individual or corporate entity is not significant. The Group performs appropriate and sufficient credit verification procedures for every credit sale transaction to minimise credit risk. There is no significant concentration of credit risk within the Group.

The Group has arranged bank financing for certain purchasers of property units and provided guarantees to secure obligations of such purchasers for repayments. Detailed disclosure of these guarantees is made in note 38.

The credit risk of the Group's other financial assets, which mainly comprise investments in associates, investments in joint ventures, cash and short term deposits, other receivables and amounts due from related parties, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Maximum exposure and year-end staging

The credit risk of the Group's trade receivables, other receivables, certain deposits, amounts due from related parties, non-controlling shareholders, joint ventures and associates, assets under cross-border guarantee arrangements, restricted and pledged deposits, and cash and cash equivalents, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Except for trade receivables which apply the simplified approach in calculating ECLs, the credit quality of other financial assets measured at amortised cost is considered to be "normal" as they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition and hence, they are all classified under stage 1 for measurement of ECLs. The loss allowance for all financial assets measured at amortised cost was not significant as at 31 December 2019 and 2018.

Guarantees given to banks and other lenders in connection with credit facilities granted to associates and joint ventures and in respect of mortgage facilities provided for certain purchasers of the Group's properties with an aggregate amount utilised of RMB48,165,479,000 (2018: RMB42,785,980,000) which are not yet past due and there is no information indicating of default and, hence, are all classified under stage 1 for measurement of ECLs.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

Due to the capital intensive nature of the Group's business, the Group ensures that it maintains sufficient cash and credit lines to meet its liquidity requirements. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank and other loans. In the opinion of the directors of the Company, the Group will have adequate sources of funding to finance its operational needs and manage its liquidity position.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

	Within one year or on demand RMB'000	In the second year RMB'000	In the third to fifth years, inclusive RMB'000	Total RMB'000
2019				
Bank and other loans	14,939,583	7,503,558	6,940,523	29,383,664
Senior notes	3,918,239	7,905,495	12,455,190	24,278,924
Corporate bonds	14,352,272	3,775,546	5,672,563	23,800,381
Trade payables	24,127,252	–	–	24,127,252
Financial liabilities included in other payables and accruals	19,609,671	–	–	19,609,671
Due to related parties	582,596	–	–	582,596
Due to non-controlling shareholders	123,144	–	–	123,144
Due to associates and joint ventures	1,614,145	–	–	1,614,145
Liabilities under cross-border guarantee arrangements	921,994	–	–	921,994
	80,188,896	19,184,599	25,068,276	124,441,771
Financial guarantees issued: Maximum amount guaranteed	45,358,746	–	–	45,358,746

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (Continued)

	Within one year or on demand RMB'000	In the second year RMB'000	In the third to fifth years, inclusive RMB'000	Total RMB'000
2018				
Bank and other loans	10,662,577	5,363,835	7,606,908	23,633,320
Senior notes	1,147,516	7,135,799	11,206,852	19,490,167
Corporate bonds	8,789,282	5,263,956	9,337,265	23,390,503
Trade payables	12,503,788	—	—	12,503,788
Financial liabilities included in other payables and accruals	8,865,548	—	—	8,865,548
Due to related parties	14,250	—	—	14,250
Due to non-controlling shareholders	10,590,000	96,872	—	10,686,872
Due to associates and joint ventures	15,381,635	—	—	15,381,635
Liabilities under cross-border guarantee arrangements	2,555,035	200,933	365,545	3,121,513
	70,509,631	18,061,395	28,516,570	117,087,596
Financial guarantees issued: Maximum amount guaranteed	42,785,980	—	—	42,785,980

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2019 and 31 December 2018.

The Group monitors capital using a net debt to equity ratio, which is net debt divided by the total equity. Net debt includes total bank and other loans, senior notes and corporate bonds less cash and cash equivalents and restricted and pledged deposits. Total capital comprises all components of equity (i.e., share capital, non-controlling interests, perpetual capital securities and reserves). The Group aims to maintain a healthy and stable net debt to equity ratio.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital management (Continued)

The net debt to equity ratios as at 31 December 2019 and 2018 were as follows:

	2019 RMB'000	2018 RMB'000
Bank and other loans	**26,991,753**	21,544,062
Senior notes	**21,323,803**	16,764,667
Corporate bonds	**21,362,000**	20,632,449
Less: Cash and bank balances	**(40,705,113)**	(35,717,151)
Net debt	**28,972,443**	23,224,027
Total equity	**42,994,019**	36,745,786
Net debt to equity ratio	**67.4%**	63.2%

As at 31 December 2019, Shenzhen Logan, a wholly-owned subsidiary of the Company (established in the People's Republic of China) (the "Issuer"), has totally issued an amount of RMB21.4 billion of corporate bonds, of which RMB11.4 billion are publicly issued (2018: RMB11.6 billion). According to the Securities Law of the People's Republic of China, the accumulated bond balance constitutes no more than 40% of the net asset value of the Issuer. Other than the ratio, neither the Company nor any other of its subsidiaries are subject to externally imposed capital requirements.

46. EVENTS AFTER THE REPORTING PERIOD

(a) On 8 January 2020, Shenzhen Logan issued public domestic corporate bonds on the Shanghai Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB1,000,000,000 was 4.80% per annum. The terms of the domestic corporate bonds were 5 years. At the end of the third year, Shenzhen Logan shall be entitled to adjust the coupon rate, and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan.

(b) On 14 January 2020, the Company issued senior notes with a principal amount of US$300,000,000 due in 2025. The senior notes are interest-bearing at 5.75% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 14 January 2025. The details of the redemption price are disclosed in the relevant offering memorandum.

(c) On 17 January 2020, the Company issued senior notes with a principal amount of US$180,000,000 due in 2024. The senior notes are consolidated and form a single series with the US$100m Senior Notes due 2024 issued on 9 June 2019. The senior notes are interest-bearing at 6.90% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 9 June 2024. The details of the redemption price are disclosed in the relevant offering memorandum.

47. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2019 RMB'000	2018 RMB'000
NON-CURRENT ASSETS		
Investment in a subsidiary	**10,544**	10,211
Other property, plant and equipment	**6,819**	7,661
Total non-current assets	**17,363**	17,872
CURRENT ASSETS		
Prepayments and other receivables	**36,956,935**	29,289,626
Cash and bank balances	**2,410,152**	2,883,794
Total current assets	**39,367,087**	32,173,420
CURRENT LIABILITIES		
Other payables and accruals	**7,689,699**	5,226,108
Bank loans	**2,860,730**	3,644,615
Senior notes	**3,128,150**	—
Total current liabilities	**13,678,579**	8,870,723
NET CURRENT ASSETS	**25,688,508**	23,302,697
TOTAL ASSETS LESS CURRENT LIABILITIES	**25,705,871**	23,320,569
NON-CURRENT LIABILITIES		
Bank loans	**2,178,610**	1,777,284
Senior notes	**18,195,653**	16,764,667
Total non-current liabilities	**20,374,263**	18,541,951
Net assets	**5,331,608**	4,778,618
EQUITY		
Share capital	**435,167**	434,041
Perpetual capital securities	**2,363,346**	2,363,346
Reserves (note)	**2,533,095**	1,981,231
Total equity	**5,331,608**	4,778,618

47. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

A summary of the Company's reserves is as follows:

	Share premium RMB'000	Exchange reserve RMB'000	Share-based compensation reserve RMB'000	Retained profits/ (accumulated losses) RMB'000	Total RMB'000
At 1 January 2018	–	(24,936)	89,148	237,397	301,609
Profit and total comprehensive income for the year	–	114,746	–	4,031,134	4,145,880
Repurchase and cancellation of own shares	(50,033)	–	–	(63,383)	(113,416)
Equity-settled share-based transactions	–	–	20,963	–	20,963
Distribution to holders of perpetual capital securities	–	–	–	(147,957)	(147,957)
Effect of forfeited share options	–	–	(7,082)	7,082	–
Issuance of shares in connection with the exercise of share options	50,033	–	(14,824)	–	35,209
Dividends declared	–	–	–	(2,261,057)	(2,261,057)
At 31 December 2018 and 1 January 2019	**–**	**89,810**	**88,205**	**1,803,216**	**1,981,231**
Profit and total comprehensive income for the year	**–**	**117,517**	**–**	**4,754,607**	**4,872,124**
Repurchase and cancellation of own shares	**(90,022)**	**–**	**–**	**(81,298)**	**(171,320)**
Equity-settled share-based transactions	**–**	**–**	**57,659**	**–**	**57,659**
Distribution to holders of perpetual capital securities	**–**	**–**	**–**	**(167,153)**	**(167,153)**
Effect of forfeited share options	**–**	**–**	**(11,141)**	**11,141**	**–**
Issuance of shares in connection with the exercise of share options	**90,022**	**–**	**(29,823)**	**–**	**60,199**
Dividends declared	**–**	**–**	**–**	**(4,099,645)**	**(4,099,645)**
At 31 December 2019	**–**	**207,327**	**104,900**	**2,220,868**	**2,533,095**

48. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 March 2020.

Five Years' Financial Summary

CONSOLIDATED RESULTS

	Year ended 31 December				
	2019 RMB'000	2018 RMB'000	2017 RMB'000	2016 RMB'000	2015 RMB'000
Revenue	**57,480,418**	44,136,908	27,689,658	20,538,838	14,574,010
Profit attributable to shareholders of the Company	**11,269,044**	8,288,398	6,527,400	4,487,736	2,649,279

CONSOLIDATED ASSETS, LIABILITIES AND EQUITY

	At 31 December				
	2019 RMB'000	2018 RMB'000	2017 RMB'000	2016 RMB'000	2015 RMB'000
Non-current assets	**46,785,641**	39,454,188	28,276,304	27,980,313	7,011,397
Current assets	**159,224,484**	130,640,489	83,594,544	58,521,396	49,760,269
Total assets	**206,010,125**	170,094,677	111,870,848	86,501,709	56,771,666
Current liabilities	**119,097,089**	88,538,511	57,293,756	31,054,870	22,621,261
Non-current liabilities	**43,919,017**	44,810,380	27,413,283	29,695,493	16,689,488
Total liabilities	**163,016,106**	133,348,891	84,707,039	60,750,363	39,310,749
Net assets	**42,994,019**	36,745,786	27,163,809	25,751,346	17,460,917
Total equity attributable to shareholders of the Company	**34,194,417**	29,248,806	23,306,221	19,426,849	13,548,779
Non-controlling interests	**8,799,602**	7,496,980	3,857,588	6,324,497	3,912,138
Total equity	**42,994,019**	36,745,786	27,163,809	25,751,346	17,460,917

Schedule of Major Properties

GROUP I — PROPERTY INTEREST HELD BY THE COMPANY UNDER DEVELOPMENT/FOR FUTURE DEVELOPMENT FOR SALE

Property	Address	Type	Interest attributable to the Company	Land area (sq.m.)	GFA (sq.m.)	Stage of development (note)	Completion deadline
Logan Headquarters Center 龍光總部中心	OCT Block, Nanshan District, Shenzhen, PRC	Commercial	94%	37,000	392,798	3	2023
Jiuyue Park 玖悦台	Renmin Road, Longhua, Minzhi Street, Shenzhen, PRC	Residential	100%	32,667	104,275	3	2022
Acesite Glory Mansion 玖譽府	South of Hazens Guanlanhui, Fucheng Street, Longhua District, Shenzhen, PRC	Residential	50%	15,324	79,100	3	2021
Acesite Park 玖龍台	East Area of High-tech Park, Guangming New District, Shenzhen, PRC	Commercial and Residential	100%	152,442	787,277	4	2019
Logan Carat Complex 玖鑽	West of Hongshan Metro Station, Longhua New District, Shenzhen, PRC	Commercial	100%	87,045	783,113	5	2019
Ap Lei Chau Project 鴨脷洲項目	Lee Nam Road, Ap Lei Chau, Hong Kong Island, Hong Kong	Residential	50%	11,752	70,606	3	2024
Stirling Residences 尚景苑	Stirling Road, Queenstown, Singapore	Residential	51%	21,098	88,657	3	2022
The Florence Residence 悦湖苑	Hougang Avenue 2, District 19, Singapore	Residential	100%	36,161	101,251	3	2023
Sky Jade 天璞	Shawan South Village, Panyu District, Guangzhou, PRC	Residential	50%	50,198	160,276	3	2021
Jiangnan Royal City 江南大境	East Zhenan Road, Chang'an Town, Dongguan, PRC	Residential	65%	73,400	289,257	3	2021
Acesite Park 玖龍台	Green Island Lake, Chancheng District, Foshan, PRC	Residential	50%	82,078	711,733	1	2022
Celestial Gem Plaza 天瑾廣場	North of Fuhua Road, Lecong, Shunde District, Foshan, China	Residential	50%	20,778	211,225	3	2022
Glory Lake 玖御湖	Shishan Town, Nanhai District, Foshan, China	Residential	100%	72,700	204,093	3	2021
Acesite Lake 玖龍湖	Danzao Fairy Lake, Nanhai District, Foshan, China	Residential	100%	77,093	269,706	3	2020

GROUP I — PROPERTY INTEREST HELD BY THE COMPANY UNDER DEVELOPMENT/FOR FUTURE DEVELOPMENT FOR SALE (CONTINUED)

Property	Address	Type	Interest attributable to the Company	Land area (sq.m.)	GFA (sq.m.)	Stage of development (note)	Completion deadline
Lake City 湖城大境	North of Shanhuhai Road, Aviation New City, Jinwan District, Zhuhai, China	Residential	50%	93,523	311,505	3	2020
Acesite Mansion 玖龍璽	West of Huandao East Road, Hengqin New District, Zhuhai, China	Residential	37%	51,000	172,631	3	2021
Logan City 龍光城	No. 88 Southwest Avenue, West of Daya Bay District, Huizhou, PRC	Residential	82%	1,707,115	5,031,477	3	2021
Logan City	Yuancheng District, Heyuan City, PRC	Residential	75%	812,000	2,416,238	3	2027
Sunny Coast 熙海岸	Beishan Bay Tourist Resort, Haojiang District, Shantou	Residential	100%	216,624	695,636	3	2024
Sea & Sunshine 碧海陽光	By the side of Yingbin Garden, Beishan Bay, Shantou, PRC	Residential	100%	93,649	200,735	3	2020
Celestial Palace 御海天宸	E-147 acres land, Xinjin Block, New East Coastal Area, Shantou, PRC	Residential	50%	97,915	344,051	3	2019
TianYing 天瀛	West of Pingle Avenue, Liangqing District, Nanning, PRC	Residential	50%	107,870	439,366	3	2022
Glory Lake 玖譽湖	South of Liangqing Bridge, Wuxiang New District, Nanning, PRC	Residential	100%	119,935	700,198	3	2021
Glory City 玖譽城	No. 6 Jinkai Road, Nanning, PRC	Residential	50%	188,916	900,669	3	2022
Acesite Park 玖龍台	South of Jiangwan Road, Nanning, China	Residential	100%	156,218	540,083	3	2020
Glory Lake 玖譽湖	No. 16 Yangfeng Road, Liangqing District, Nanning, China	Residential	100%	39,461	190,243	1	2022
Grand Riverside Bay 水悦龍灣御江	North of Jiangbei Avenue, Nanning, China	Residential	100%	31,491	181,304	3	2021

notes: 1. Site formation or upfront set up works

2. Foundation works

3. Superstructure construction

4. Interior decoration

5. Completed for sale

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