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Zhongliang Holdings Group Company Limited

中梁控股集团有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2772)

ANNOUNCEMENT OF UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

2019 RESULTS HIGHLIGHTS

- Contracted sales for 2019 amounted to RMB152.5 billion, increased by approximately 50.2% as compared with 2018.
- Total revenue for 2019 amounted to RMB56,639.6 million, increased by approximately 87.5% as compared with 2018.
- Core net profit attributable to owners of the Company for 2019 amounted to RMB3,901.4 million, increased by approximately 102.3% as compared with 2018.
- Proposed a final dividend for 2019 of HK32.8 cents (equivalent to RMB29.8 cents) per Share payable in cash. In aggregate with the interim dividend paid of HK15.3 cents (equivalent to RMB13.8 cents) per Share, total dividends for 2019 amounted to HK48.1 cents (equivalent to RMB43.6 cents) per Share, representing approximately 40% of the core net profit attributable to owners of the Company.
- Bank balances and cash amounted to RMB26,495.3 million and deposits received from customers (contract liabilities) amounted to RMB115,873.1 million as at 31 December 2019.
- Total indebtedness amounted to RMB40,181.2 million and net gearing ratio was 65.6% as at 31 December 2019.

UNAUDITED ANNUAL RESULTS

As the reasons explained below under “Scope of work of Ernst & Young”, the auditing process for the annual results for the year ended 31 December 2019 had not been completed due to restrictions in force in parts of China to combat the COVID-19 coronavirus outbreak, the unaudited annual results contained herein have not been agreed with the Company’s auditors. In the meantime, the board (the “**Board**”) of directors (the “**Directors**”) of Zhongliang Holdings Group Company Limited (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2019 (the “**Relevant Year**”) with the comparative figures for the preceding financial year as follows:

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		For the year ended	
		31 December	
	<i>NOTES</i>	2019	2018
		RMB’000	RMB’000
		(Unaudited)	(Audited)
Revenue	3	56,639,596	30,214,688
Cost of sales		<u>(43,457,345)</u>	<u>(23,303,847)</u>
Gross profit		13,182,251	6,910,841
Other income and gains	3	233,873	95,045
Selling and distribution expenses		(2,030,081)	(1,333,901)
Administrative expenses		(2,549,711)	(1,648,265)
Impairment losses on financial assets, net		(9,870)	(10,964)
Other expenses		(255,162)	(197,760)
Fair value gains on investment properties		49,855	71,971
Fair value losses on financial assets at fair value through profit or loss		(6,880)	(4,039)
Finance income		515,645	353,711
Finance costs	4	(466,533)	(433,466)
Share of profits and losses of:			
— Joint ventures		979,353	(82,242)
— Associates		<u>255,371</u>	<u>717,545</u>
Profit before tax	5	9,898,111	4,438,476
Income tax expense	6	<u>(3,642,203)</u>	<u>(1,912,189)</u>
Profit for the year		<u>6,255,908</u>	<u>2,526,287</u>

		For the year ended	
		31 December	
		2019	2018
	<i>NOTES</i>	RMB'000	RMB'000
		(Unaudited)	(Audited)
Attributable to:			
— Owners of the parent		3,833,699	1,931,336
— Non-controlling interests		<u>2,422,209</u>	<u>594,951</u>
		<u>6,255,908</u>	<u>2,526,287</u>
 Earnings per share attributable to ordinary equity holders			
of the parent:			
Basic and diluted	8	<u>RMB1.17</u>	<u>RMB0.65</u>

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

	For the year ended 31 December	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
PROFIT FOR THE YEAR	6,255,908	2,526,287
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	<u>(12,565)</u>	<u>—</u>
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	<u>(12,565)</u>	<u>—</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>(12,565)</u>	<u>—</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>6,243,343</u>	<u>2,526,287</u>
Attributable to:		
— Owners of the parent	<u>3,821,134</u>	1,931,336
— Non-controlling interests	<u>2,422,209</u>	<u>594,951</u>
	<u>6,243,343</u>	<u>2,526,287</u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31 December	
	2019	2018
<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
NON-CURRENT ASSETS		
Property, plant and equipment	117,679	105,269
Investment properties	1,196,550	928,900
Other intangible assets	8,128	455
Right-of-use assets	144,809	—
Investments in joint ventures	3,240,364	2,584,059
Investments in associates	6,749,631	2,113,159
Deferred tax assets	2,932,066	1,852,380
Prepayments and other receivables	—	96,202
	<u>14,389,227</u>	<u>7,680,424</u>
Total non-current assets		
CURRENT ASSETS		
Financial assets at fair value through profit or loss	290,723	228,757
Properties under development	128,779,890	99,481,406
Completed properties held for sale	4,140,691	3,596,396
Trade receivables	9	4,354
Due from related companies	9,446,200	9,841,443
Prepayments and other receivables	38,283,718	22,209,895
Tax recoverable	2,691,238	1,951,577
Restricted cash	10,194,619	7,892,069
Pledged deposits	1,344,886	636,777
Cash and cash equivalents	14,955,756	14,551,518
	<u>210,130,756</u>	<u>160,394,192</u>
Total current assets		

		As at 31 December	
		2019	2018
	NOTES	RMB'000	RMB'000
		(Unaudited)	(Audited)
CURRENT LIABILITIES			
Trade and bills payables	10	12,060,536	8,498,295
Other payables and accruals		19,019,087	20,476,168
Lease liabilities		46,234	—
Contract liabilities		115,873,077	95,482,250
Due to related companies		11,985,635	7,419,138
Interest-bearing bank and other borrowings		20,125,313	14,468,672
Tax payable		3,406,783	1,960,281
Provision for financial guarantee contracts		31,364	84,869
Senior notes		1,378,045	—
Other financial liabilities		92,378	59,284
		<u>184,018,452</u>	<u>148,448,957</u>
Total current liabilities			
		<u>26,112,304</u>	<u>11,945,235</u>
Net current assets			
		<u>40,501,531</u>	<u>19,625,659</u>
Total assets less current liabilities			
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		15,860,556	12,536,245
Lease liabilities		100,210	—
Deferred tax liabilities		851,884	335,182
Senior notes		2,817,326	—
		<u>19,629,976</u>	<u>12,871,427</u>
Total non-current liabilities			
		<u>20,871,555</u>	<u>6,754,232</u>
NET ASSETS			
EQUITY			
Equity attributable to owners of the parent			
Share capital		31,450	85
Reserves		8,696,650	2,578,591
		<u>8,728,100</u>	<u>2,578,676</u>
Non-controlling interests		<u>12,143,455</u>	<u>4,175,556</u>
TOTAL EQUITY		<u>20,871,555</u>	<u>6,754,232</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

The Company is an exempted company incorporated in the Cayman Islands. The registered office address of the Company is Walkers Corporate Limited, Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman, KY1-9008, Cayman Islands.

During the year, the Group was principally involved in property development, property leasing and management consulting services.

In the opinion of the directors, the immediate holding company of the Company is Liangzhong International Co., Ltd..

2.1 BASIS OF PREPARATION

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

Basis of consolidation

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

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

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

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

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

IFRS 16 did not have any significant impact on leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effects of initial adoption as adjustments to the opening balance of right-of-use assets and lease liabilities at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under IAS 17 and related interpretations.

New definition of a lease

Under IFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard

to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee — Leases previously classified as operating leases

Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various items of offices and office equipment. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under IFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and lease with 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).

Impacts on transition

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

All these assets were assessed for any impairment based on IAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position. There are no lease assets recognised previously under finance leases that were reclassified from property, plant and equipment.

The Group has used the following elective practical expedients when applying IFRS 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
- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease
- Excluding the initial direct costs from the measurement of the right-of-use assets at the date of initial application
- Using a single discount rate to a portfolio of leases with reasonably similar characteristics

Financial Impact at 1 January 2019

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

	Increase <i>RMB'000</i>
Assets	
Increase in right-of-use assets	<u>108,485</u>
Increase in total assets	<u><u>108,485</u></u>
Liabilities	
Increase in lease liabilities	<u>108,485</u>
Increase in total liabilities	<u><u>108,485</u></u>

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

	<i>RMB'000</i>
Operating lease commitments as at 31 December 2018	144,292
Less: Commitments relating to short-term leases and those leases with a remaining lease term ended on or before 31 December 2019	<u>(7,376)</u>
	136,916
Weighted average incremental borrowing rate as at 1 January 2019	<u>6%</u>
Discounted operating lease commitments at 1 January 2019	108,485
Lease liabilities as at 1 January 2019	<u><u>108,485</u></u>

- (b) Amendments to IAS 28 clarify that the scope exclusion of IFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies IFRS 9, rather than IAS 28, including the impairment requirements under IFRS 9, in accounting for such long-term interests. IAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group assessed its business model for its long-term interests in associates and joint ventures upon adoption of the amendments on 1 January 2019 and concluded that the long-term interests in associates and joint ventures continue to be measured at amortised cost in accordance with IFRS 9. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.
- (c) IFRIC 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 (often referred to as “uncertain tax positions”). The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an

entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions. Based on the Group's assessment, the interpretation did not have any significant impact on the financial position or performance of the Group.

3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2019 <i>RMB'000</i> (Unaudited)	2018 <i>RMB'000</i> (Audited)
<i>Revenue from contracts with customers</i>	56,627,720	30,210,258
<i>Revenue from other sources</i>		
Gross rental income from investment property operating leases:		
Other lease payments, including fixed payments	<u>11,876</u>	<u>4,430</u>
	<u>56,639,596</u>	<u>30,214,688</u>

Revenue from contract with customers

(i) *Disaggregated revenue information*

	2019 <i>RMB'000</i> (Unaudited)	2018 <i>RMB'000</i> (Audited)
Types of goods or services		
Sales of properties	56,383,676	29,992,092
Management consulting services	244,044	211,845
Property management services	<u>—</u>	<u>6,321</u>
Total revenue from contracts with customers	<u>56,627,720</u>	<u>30,210,258</u>
Timing of revenue recognition		
Sale of properties transferred at a point in time	50,257,010	24,389,691
Sale of properties transferred over time	6,126,666	5,602,401
Services transferred over time	<u>244,044</u>	<u>218,166</u>
Total revenue from contracts with customers	<u>56,627,720</u>	<u>30,210,258</u>

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

	2019 <i>RMB'000</i> (Unaudited)	2018 <i>RMB'000</i> (Audited)
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of properties	<u>46,536,075</u>	<u>25,266,984</u>
	<u>46,536,075</u>	<u>25,266,984</u>

(ii) Performance obligations

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

Sales of Properties

For property sales contracts, the Group receives payments from customers based on billing schedule as established in contracts. Payments are usually received in advance of the performance under the contracts.

Provision of Services

For property management service and management consulting service contracts, the Group recognises revenue equal to the right to invoice amount when it corresponds directly with the value to the customer of the Group's performance to date, on a monthly basis. The majority of the service contracts do not have a fixed term. The Group has elected the practical expedient for not to disclose the remaining performance obligations for these types of contracts.

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

	2019 <i>RMB'000</i> (Unaudited)	2018 <i>RMB'000</i> (Audited)
Amounts expected to be recognised as revenue		
Within one year	77,074,694	57,390,581
After one year	<u>74,877,113</u>	<u>56,248,173</u>
	<u>151,951,807</u>	<u>113,638,754</u>

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to sale of properties that are to be satisfied within three years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

	2019 <i>RMB'000</i> (Unaudited)	2018 <i>RMB'000</i> (Audited)
Other income and gains		
Gain on disposal of subsidiaries	24,829	47,684
Gain on disposal of associates	—	6,802
Changes in provision for financial guarantee contracts	83,385	—
Forfeiture of deposits	13,434	14,814
Government grants	22,170	7,299
Foreign exchange differences, net	74,642	10,630
Others	15,413	7,816
	233,873	95,045

4. FINANCE COSTS

An analysis of finance costs is as follows:

	2019 <i>RMB'000</i> (Unaudited)	2018 <i>RMB'000</i> (Audited)
Interest on bank loans and other borrowings and senior notes	3,784,677	2,438,571
Interest expense arising from revenue contracts	730,437	588,965
Interest on lease liabilities	6,509	—
Total interest expense on financial liabilities not at fair value through profit or loss	4,521,623	3,027,536
Less: Interest capitalised	(4,055,090)	(2,594,070)
	466,533	433,466

5. PROFIT BEFORE TAX

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

	2019 <i>RMB'000</i> (Unaudited)	2018 <i>RMB'000</i> (Audited)
Cost of properties sold	43,179,125	23,204,462
Impairment losses recognised for properties under development	223,637	54,800
Impairment losses written off for completed properties held for sale	(57,872)	(53,029)
Depreciation of property, plant and equipment	35,665	42,922
Depreciation of right-of-use assets	37,187	—
Minimum lease payments under operating leases	—	65,368
Lease payments not included in the measurement of lease liabilities	15,724	—
Amortisation of other intangible assets	789	259
Auditor's remuneration	13,429	12,825
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	1,387,929	877,633
Pension scheme contributions and social welfare	239,399	141,577

6. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands, the Company and the Group's subsidiaries incorporated in the Cayman Islands are not subject to any income tax. The Group's subsidiary incorporated in Hong Kong is not liable for income tax as it did not have any assessable profits arising in Hong Kong during the reporting period.

Subsidiaries of the Group operating in Mainland China are subject to the PRC corporate income tax with a tax rate of 25% for the reporting period.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant Mainland China tax laws and regulations. The LAT provision is subject to the final review and approval by the local tax bureau.

	2019 <i>RMB'000</i> (Unaudited)	2018 <i>RMB'000</i> (Audited)
Current tax:		
PRC Corporate income tax	2,995,985	1,625,595
PRC LAT	1,226,541	1,183,637
Deferred tax	(580,323)	(897,043)
Total tax charge for the year	3,642,203	1,912,189

7. DIVIDENDS

	2019 <i>RMB'000</i> (Unaudited)	2018 <i>RMB'000</i> (Audited)
Interim — HK15.3 cents (2018: Nil) per ordinary share	494,287	—
Proposed final — HK32.8 cents (2018: Nil) per ordinary share	<u>1,067,374</u>	<u>—</u>

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

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,266,539,544 (2018: 2,993,993,654) in issue during the year.

The weighted average number of ordinary shares used to calculate the basic earnings per share amounts for the years ended 31 December 2019 and 2018 was based on 1 ordinary share of the Company issued as at 22 March 2018, 2 ordinary shares of the Company issued as at 29 March 2018, 97 ordinary shares of the Company issued as at 22 June 2018, 9,599,900 ordinary shares of the Company issued as at 15 August 2018, 94,675 ordinary shares of the Company issued as at 29 August 2018, and 2,990,305,325 ordinary shares of the Company issued under the capitalisation issue occurred on 16 July 2019, as if these additional shares issued under the capitalisation issue had been in issue throughout the years ended 31 December 2019 and 2018. On 16 July 2019, the Company issued 530,000,000 new ordinary shares. On 5 August 2019, an over-allotment option has been partially exercised and the Company allotted and issued 51,791,500 additional shares.

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

The calculation of the basic earnings per share amounts is based on:

	2019 <i>RMB'000</i> (Unaudited)	2018 <i>RMB'000</i> (Audited)
Earnings		
Profit attributable to ordinary equity holders of the parent	<u>3,833,699</u>	<u>1,931,336</u>
Number of shares		
	2019	2018
Shares		
Weighted average number of ordinary shares in issue during the year	<u>3,266,539,544</u>	<u>2,993,993,654</u>
Earnings per share		
Basic	<u>RMB1.17</u>	<u>RMB0.65</u>

9. TRADE RECEIVABLES

	2019 RMB'000 (Unaudited)	2018 <i>RMB'000</i> <i>(Audited)</i>
Trade receivables	3,035	4,354
Impairment	<u>—</u>	<u>—</u>
	<u>3,035</u>	<u>4,354</u>

Trade receivables mainly represent rentals receivable from tenants. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

Trade receivables are unsecured and non-interest-bearing. The carrying amounts of trade receivables approximate to their fair values. An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	2019 RMB'000 (Unaudited)	2018 <i>RMB'000</i> <i>(Audited)</i>
Less than 1 year	3,035	4,354
Over 1 year	<u>—</u>	<u>—</u>
	<u>3,035</u>	<u>4,354</u>

Receivables that were not past due relate to a large number of diversified customers for whom there was no recent history of default.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rate of trade receivables is assessed to be 0.1%. Based on the evaluation on the expected loss rate and the gross carrying amount, the directors of the Company are of the opinion that the expected credit losses in respect of these balances are immaterial, and therefore, there has not been a loss allowance provision.

10. TRADE AND BILLS PAYABLES

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

	2019 RMB'000 (Unaudited)	2018 <i>RMB'000</i> <i>(Audited)</i>
Less than 1 year	11,706,261	8,421,930
Over 1 year	<u>354,275</u>	<u>76,365</u>
	<u>12,060,536</u>	<u>8,498,295</u>

Trade and bills payables are unsecured, interest-free and are normally settled based on the progress of construction.

The fair values of trade and bills payables as at the end of reporting period approximated to their corresponding carrying amounts due to their relatively short maturity terms.

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am hereby pleased to present to you the business review of the Group for the year ended 31 December 2019 and its outlook for 2020.

FINAL DIVIDEND

The Board recommends the payment of a final dividend for 2019 of HK32.8 cents per Share (equivalent to RMB29.8 cents per Share) in the form of cash. The proposed final dividend shall be declared and payable in Hong Kong dollars. The Company declared and paid an interim dividend of HK15.3 cents per Share (equivalent to RMB13.8 cents per Share) in respect of the first six months of 2019.

Based on the total issued shares of the Company as at the date of this announcement, the proposed final dividend together with the interim dividend for 2019 amounted to approximately RMB1,561.7 million, representing a payout ratio of approximately 40% of the core net profit attributable to the equity owners of the Company.

FINAL RESULTS

The contracted sales of the Group for 2019 amounted to RMB152.5 billion, representing an increase of approximately 50.2% from RMB101.5 billion in 2018. The contracted sales achieved in 2019 had exceeded the contracted sales target of the Group of RMB130 billion by approximately 17.3%.

In 2019, the Group's revenue amounted to RMB56,639.6 million, representing a significant increase of approximately 87.5% from RMB30,214.7 million in 2018. The Group's core net profit attributable to equity owners in 2019 increased massively by approximately 102.3% to RMB3,901.4 million in 2019 from RMB1,928.7 million in 2018.

2019 REVIEW

Market review

In early 2019, instabilities and uncertainties were on the rise in light of complex and profound changes in the global political and economic environment. In the meantime, China's economy is at a turning point in terms of structural optimisation and transition, and has been experiencing downward pressure due to structural, institutional and cyclical issues.

In spite of the unfavorable atmosphere, the real estate industry remains as the foundational pillar of China's economy while stability is the key to the industry. The real estate industry has maintained its steady growth under various control measures introduced by the Chinese government last year. Meanwhile, the Group strived for the principles of "Embracing challenges, optimising business model, opening up capital markets and improving steadily" since the beginning of 2019. Aligning with

government policies and industry trend, the Group's operations continued to grow steadily with the annual contracted sales surpassing RMB150 billion in 2019 and was ranked one of the Top 20 China Real Estate Developers.

Steady growth by vertical penetration and horizontal expansion, enhancing exposure in higher-tier cities

The Group placed strong emphasis on industry trends and continued to increase its land bank during the year. Land investments made by the Group's subsidiaries, joint ventures and associates in 2019 amounted to RMB76.4 billion, with a total of 139 land acquisitions. In 2019, the Group achieved a remarkable land-banking result focusing on second-tier cities, of which investments in second-tier cities accounted for over 50% of the total land investments in 2019. In 2019, the Group purchased land parcels in different strategic economic areas, among which over 60% of the land purchase by amount was in the Yangtze River Delta, approximately 20% was in the Midwest China, approximately 8% was in the Western Taiwan Straits, approximately 8% was in the Pan-Bohai Rim and approximately 1% was in the Pearl River Delta. During the year, the Group tapped into 20 new cities and enhanced its exposure in higher-tier cities by acquiring lands through public channels and private mergers and acquisitions as part of its structural strategy to expand its land bank nationwide. As at 31 December 2019, the Group had a presence in more than 140 cities across 23 provinces and municipalities.

Capital markets breakthrough

2019 was a breakthrough year for the Group's capital market development. As one of the largest newly listed real estate companies in recent years, Zhongliang had raised approximately HK\$3.2 billion (approximately US\$410 million) from listing on the Main Board of the Stock Exchange in July 2019.

In August 2019, the Company obtained international issuer credit ratings of "B+" (stable outlook) from Fitch Ratings, "B1" (stable outlook) from Moody's Investors Services and "B+" (stable outlook) from S&P Global Ratings. In September 2019, the Company successfully issued its debut US dollar bonds. In November 2019, the Company's wholly-owned subsidiary, Shanghai Zhongliang Real Estate Group Company Limited, obtained an onshore corporate credit rating of AA+ (stable outlook) from United Credit Ratings Co., Ltd. The Company has been included as one of the constituents of the "Hang Seng Composite LargeCap & MidCap Index" and "Hang Seng Stock Connect Hong Kong Index" since November 2019, and has been formally included in the trading list of Hong Kong Stock Connect since December 2019.

Optimising organisational structure and capabilities

During the Relevant Year, the Group realigned its organisational structure, streamlined its headquarters operations and devised decision-making framework and mechanisms for decentralised regional operations, in order to lay a strong foundation for the next stage of the Group's sustainable development. The new organisational structure effectively supports regional business groups to

integrate resources with a view to reducing management costs and improving efficiency and profitability, as is in line with Zhongliang's long-sought goals of scale expansion, operation enhancement and organisational optimisation.

Under the current tightening operating environment of the industry, we push forward the construction of digital intelligence business system, improve our information system, optimise our capital allocation model, and require our organisations of all levels to enhance their accountability, improve investment returns and accelerate asset turnover.

Branding and corporate responsibilities

While Zhongliang's branding and corporate influence continued to increase in light of its business expansion, the Group endeavours to keep improving its corporate responsibilities and contribution to society.

“Zhongliang Book Reading” is a charity project launched by the Group in 2017 in response to the national policy to promote youth education and children reading. The Group plans to establish libraries in 100 schools in remote or impoverished townships in five years to provide children with more reading opportunities to broaden their horizons, enrich their knowledge and drive their growth. In 2019, the Group expanded the coverage of “Zhongliang Book Reading” project to more than 10 cities including Yuyao in Zhejiang Province, Xiangxi in Hunan Province and Qinglong County in Guizhou Province and established charity libraries for children.

To help fight against the COVID-19 epidemic in China, the Group had made monetary and surgical masks donation to Wuhan Charity Foundation in January 2020 to support the medical frontline in Wuhan.

OUTLOOK FOR 2020

While the world economy seems to be readjusting under the influence of global decelerating growth amid trade disputes, technological revolution and urbanisation nevertheless have brought new opportunities to the development of China. The main development opportunity of the Chinese economy lies in “fulfilling the growing needs for better lives of the people and resolving the problem of uneven development”. China's development goals are changing from high-speed growth to high-quality development and industrial upgrades.

In the next few years, the real estate industry in the PRC remains promising. Amid rapid urbanisation and industrialisation, the improvement in living standards of people in China has led to upgrades in consumption and driven growth in housing demand. In terms of overall trends of the real estate industry, government's tone on maintaining industry stability had not shifted, with major governmental policies steering towards stabilising land prices, housing prices and home purchasers' expectation and maintaining steady growth in sales volume in the longer run. Monetary policies are expected to be moderate with supportive or suppressive measures depending on the cycle of growth. The growth in China's real estate development is expected to continue.

2020 is an important juncture for China's real estate developers to improve its capabilities and to strengthen its market position. The Group is dedicated to developing nationwide coverage strategically with a full structured land bank and an emphasis on small and medium-sized development projects in order to effectively diversify region-specific economic and policy risks. Based on the existing land bank, the Group's subsidiaries, joint ventures and associated companies have more than RMB 260.0 billion of saleable resources in 2019. The Group also strictly adheres to its stringent liquidity and cash flow management, enabling the Group to attain a debt level below industry average and improve debt structure.

Affected by the COVID-19 epidemic, property sales are expected to be delayed in early 2020 until the epidemic fades. However, the Group is confident that the delay in housing demand will only be temporary and expects that the real estate industry will benefit from economic stimulus measures and favourable home purchase policies to be launched by the government. When the epidemic is under control and economic activities resume, China's real estate sales are expected to rebound strongly. The Group expects sufficient, stable and geographically dispersed supply of saleable resources throughout 2020. Based on the current market environment, the Group has set a contracted sales target for the full year of 2020 at RMB168 billion, representing an increase of approximate 10% from the contracted sales of 2019. The Group believes that it is well positioned to capture the recovery in housing sales in the near future, and 2020 will be another milestone year for Zhongliang to transform into an outstanding real estate enterprise.

APPRECIATION

It was our dedicated team that supported us to achieve such a good result in 2019. On behalf of the Board, I would like to express our sincere appreciation to all employees for their dedication and hard work, and to our Shareholders, business and financial partners for their supports in the past year.

Looking ahead to 2020 as the beginning of a new decade, we will strive to offer best products and services that meet the needs of our customers, to fulfil career goals of our endeavouring employees, and to maximise the value for our Shareholders and other investors.

YANG Jian

Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

PERFORMANCE HIGHLIGHTS

	Year ended 31 December		Change in percentage
	2019	2018	
Contracted sales			
Contracted sales (RMB billion)	152.5	101.5	+50.2%
Contracted GFA sold (sq.m.)	14,851,000	10,146,000	+46.4%
Contracted ASP (RMB/sq.m.)	10,300	10,000	+3.0%
Selected financial information			
Revenue (RMB million)	56,639.6	30,214.7	+87.5%
Gross profit (RMB million)	13,182.3	6,910.8	+90.7%
Profit attributable to owners of the Company (RMB million)	3,833.7	1,931.3	+98.5%
Core net profit attributable to owners of the Company (RMB million)	3,901.4	1,928.7	+102.3%
Gross profit margin (%)	23.3	22.9	
Core net profit margin (%)	6.9	6.4	
Earnings per share (basic) (RMB cents)	117	65	
Core earnings per share (basic) (RMB cents)	119	64	
	As at 31 December		Change in percentage
	2019	2018	
Total assets (RMB million)	224,520.0	168,074.6	+33.6%
Bank balances and cash (RMB million)	26,495.3	23,080.4	+14.8%
Total indebtedness (RMB million)	40,181.2	27,004.9	+48.8%
Total equity (RMB million)	20,871.6	6,754.2	+209.0%
Equity attributable to owners of the Company (RMB million)	8,728.1	2,578.7	+238.5%
Net gearing ratio	65.6	58.1	
Weighted average costs of indebtedness (%)	9.4	9.9	

PROPERTY DEVELOPMENT

Contracted sales

During the year ended 31 December 2019, the Group achieved contracted sales of approximately RMB152.5 billion, of which approximately RMB93.2 billion was contributed by its subsidiaries and approximately RMB59.3 billion was contributed by its joint ventures and associates. The Group's contracted sales increased by approximately 50.2% from approximately RMB101.5 billion for the year ended 31 December 2018, which was primarily due to the Group's abundant and diversified saleable resources across different regions.

For the year ended 31 December 2019, the Group achieved contracted sales of approximately 14,851,000 sq.m. in GFA, representing an increase of 46.4% from approximately 10,146,000 sq.m. for the year ended 31 December 2018. The Group's contracted ASP in 2019 was RMB10,270 per sq.m., representing an increase from RMB10,002 per sq.m. in 2018.

The following table sets forth a summary of contracted sales by city for the Relevant Year:

City	Contracted sales (RMB'000)	% of total contracted sales (%)	Contracted GFA (sq.m.)	Contracted ASP (RMB/sq.m.)
Wenzhou	26,502,182	17.4	1,609,721	16,464
Jinhua	9,052,969	5.9	537,864	16,831
Taizhou	5,659,938	3.7	367,327	15,408
Lishui	5,652,193	3.7	312,164	18,106
Hangzhou	4,530,590	3.0	192,937	23,482
Wuxi	4,175,162	2.8	276,600	15,095
Changzhou	3,713,398	2.5	323,606	11,475
Yancheng	2,833,788	1.9	306,644	9,241
Chongqing	2,797,076	1.8	391,142	7,151
Hefei	2,673,776	1.8	210,134	12,724
Ningbo	2,493,081	1.6	191,390	13,026
Huzhou	2,478,529	1.6	171,971	14,412
Suqian	2,439,493	1.6	284,977	8,560
Xuzhou	2,339,001	1.6	275,391	8,493
Pingxiang	1,786,573	1.2	260,612	6,855
Jiaxing	1,661,679	1.1	102,417	16,225
Fuzhou	1,647,666	1.1	197,488	8,343
Nanyang	1,645,942	1.1	215,747	7,629
Laiwu	1,642,525	1.1	221,303	7,422
Ningde	1,608,930	1.1	197,019	8,166
Anqing	1,591,790	1.0	160,574	9,913

City	Contracted sales (RMB'000)	% of total contracted sales (%)	Contracted GFA (sq.m.)	Contracted ASP (RMB/sq.m.)
Xuchang	1,568,315	1.0	232,516	6,745
Zhaotong	1,509,102	1.0	204,825	7,368
Yiyang	1,480,443	1.0	231,673	6,390
Yulin	1,478,420	1.0	159,733	9,256
Qingdao	1,403,153	0.9	183,952	7,628
Nantong	1,391,513	0.9	175,750	7,918
Sanming	1,388,139	0.9	150,710	9,211
Ganzhou	1,377,669	0.9	177,313	7,770
Taizhou	1,365,166	0.9	118,727	11,498
Quanzhou	1,314,112	0.9	146,912	8,945
Suzhou (蘇州)	1,295,628	0.8	88,731	14,602
Kunming	1,293,436	0.8	132,968	9,727
Luoyang	1,251,826	0.8	101,901	12,285
Shangrao	1,251,220	0.8	188,476	6,639
Guigang	1,173,582	0.8	197,175	5,952
Chifeng	1,085,085	0.7	139,667	7,769
Wuhu	1,050,240	0.7	134,130	7,830
Changsha	1,049,849	0.7	143,539	7,314
Zhoushan	1,026,983	0.7	67,048	15,317
Zhangzhou	1,018,121	0.7	70,041	14,536
Ezhou	953,532	0.6	115,151	8,281
Lu'an	943,460	0.6	98,161	9,611
Dali	905,211	0.6	65,452	13,830
Shangqiu	890,813	0.6	135,915	6,554
Fuyang	875,246	0.6	101,950	8,585
Maoming	869,421	0.6	109,027	7,974
Chengdu	847,214	0.6	46,719	18,134
Zibo	839,632	0.6	119,766	7,011
Baotou	833,961	0.5	114,481	7,285
Yantai	815,114	0.5	122,484	6,655
Xuancheng	811,190	0.5	108,382	7,485
Baoshan	798,617	0.5	127,678	6,255
Zaozhuang	780,196	0.5	116,884	6,675
Xi'an	770,789	0.5	75,923	10,152
Liaocheng	758,206	0.5	71,587	10,591
Jining	716,313	0.5	90,469	7,918
Yangzhou	713,830	0.5	64,608	11,049

City	Contracted sales (RMB'000)	% of total contracted sales (%)	Contracted GFA (sq.m.)	Contracted ASP (RMB/sq.m.)
Hohhot	709,441	0.5	70,803	10,020
Linfen	698,900	0.5	125,165	5,584
Pu'er	692,372	0.5	67,834	10,207
Nanchang	681,906	0.5	77,240	8,828
Tangshan	674,985	0.4	81,807	8,251
Changde	663,077	0.4	108,864	6,091
Chizhou	658,966	0.4	77,332	8,521
Mianyang	626,252	0.4	125,102	5,006
Nanning	617,530	0.4	91,700	6,734
Jiangmen	593,017	0.4	61,574	9,631
Cangzhou	572,160	0.4	55,781	10,257
Lianyunang	531,498	0.3	75,921	7,001
Bozhou	522,122	0.3	80,455	6,490
Zhuzhou	516,711	0.3	81,474	6,342
Yinchuan	516,505	0.3	79,889	6,465
Ji'an	504,911	0.3	64,130	7,873
Tongchuan	497,352	0.3	79,911	6,224
Liuzhou	490,120	0.3	50,054	9,792
Qinzhou	478,372	0.3	96,549	4,955
Shenyang	475,484	0.3	38,488	12,354
Pingdingshan	474,703	0.3	85,953	5,523
Tianshui	465,200	0.3	68,008	6,840
Wuhan	461,831	0.3	46,809	9,866
Enshi	445,749	0.3	79,286	5,622
Chaozhou	420,340	0.3	75,413	5,574
Chenzhou	412,482	0.3	77,468	5,325
Foshan	381,902	0.3	48,365	7,896
Ankang	373,804	0.3	46,305	8,073
Puyang	344,791	0.2	57,750	5,970
Tianjin	344,221	0.2	31,482	10,934
Dezhou	335,590	0.2	38,760	8,658
Longyan	334,539	0.2	40,983	8,163
Linyi	332,278	0.2	23,159	14,348
Suizhou	331,184	0.2	54,622	6,063
Huaibei	326,443	0.2	54,312	6,011
Loudi	317,981	0.2	53,424	5,952
Zhaoqing	308,173	0.2	35,168	8,763

City	Contracted sales (RMB'000)	% of total contracted sales (%)	Contracted GFA (sq.m.)	Contracted ASP (RMB/sq.m.)
Jiyuan	298,542	0.2	38,628	7,729
Bijie	280,301	0.2	45,551	6,154
Heyuan	268,622	0.2	27,981	9,600
Shaoyang	258,897	0.2	55,257	4,685
Chuxiong	256,583	0.2	50,276	5,103
Dalian	245,856	0.2	29,185	8,424
Suining	244,384	0.2	30,633	7,978
Tongling	241,677	0.2	41,429	5,834
Xinyang	225,873	0.1	27,308	8,271
Yichang	219,030	0.1	30,844	7,101
Shaoguan	212,040	0.1	38,241	5,545
Yueyang	211,503	0.1	39,921	5,298
Jiaozuo	205,406	0.1	38,018	5,403
Weifang	199,330	0.1	24,638	8,090
Shaoxing	190,293	0.1	17,362	10,960
Pingliang	187,158	0.1	25,645	7,298
Jieyang	178,270	0.1	22,078	8,075
Xinxiang	173,575	0.1	30,354	5,718
Xiangyang	169,885	0.1	21,895	7,759
Binzhou	166,384	0.1	22,254	7,477
Dazhou	159,892	0.1	30,989	5,160
Nanchong	145,577	0.1	13,419	10,849
Meishan	143,484	0.1	25,120	5,712
Jiujiang	91,748	0.1	9,874	9,292
Suzhou (宿州)	90,461	0.1	18,009	5,023
Nanjing	87,761	0.1	3,788	23,168
Weihai	79,283	0.1	10,366	7,648
Yuxi	67,494	*	3,849	17,535
Quzhou	59,000	*	3,708	15,912
Fuzhou	58,565	*	8,700	6,732
Hengyang	53,010	*	7,648	6,931
Jingdezhen	47,714	*	5,471	8,721
Zigong	37,384	*	7,430	5,031
Total	<u>152,508,902</u>	<u>100.0</u>	<u>14,850,661</u>	10,270

* Less than 0.1%

The following table sets forth a summary of contracted sales by region for the Relevant Year:

Region	% of total			
	Contracted sales (RMB'000)	contracted sales (%)	Contracted GFA (sq.m.)	Contracted ASP (RMB/sq.m.)
Yangtze River Delta	89,986,138	59.0	6,652,304	13,527
Midwest China	35,805,549	23.5	4,901,961	7,304
Pan-bohai Rim	10,373,617	6.8	1,282,181	8,091
Western Taiwan Straits	13,111,812	8.6	1,596,369	8,214
Pearl River Delta	<u>3,231,786</u>	<u>2.1</u>	<u>417,846</u>	<u>7,734</u>
Total	<u><u>152,508,902</u></u>	<u><u>100.0</u></u>	<u><u>14,850,661</u></u>	<u><u>10,270</u></u>

The following table sets forth a summary of contracted sales by tier of city for the Relevant Year:

City tier	% of total			
	Contracted sales (RMB'000)	contracted sales (%)	Contracted GFA (sq.m.)	Contracted ASP (RMB/sq.m.)
Second-tier cities ⁽¹⁾	53,712,284	35.2	3,982,694	13,486
Third-tier cities ⁽²⁾	80,221,940	52.6	8,187,291	9,798
Fourth-tier cities ⁽³⁾	<u>18,574,678</u>	<u>12.2</u>	<u>2,680,676</u>	<u>6,929</u>
Total	<u><u>152,508,902</u></u>	<u><u>100.0</u></u>	<u><u>14,850,661</u></u>	<u><u>10,270</u></u>

Notes:

- (1) Second-tier cities include Wenzhou, Ningbo, Hangzhou, Wuxi, Suzhou, Nanjing, Hefei, Nanchang, Fuzhou, Shamen, Qingdao, Jinan, Zhengzhou, Zhangsha, Wuhan, Nanning, Kunming, Chengdou, Zhongqing, Xian, Guiyang, Taiyuan, Shenyang, Dalian and Tianjin.
- (2) Third-tier cities include Jinhua, Lishui, Taizhou, Quzhou, Zhoushan, Huzhou, Jiaying, Shaoxing, Yangzhou, Taizhou, Changzhou, Xuzhou, Lianyungang, Xiuqian, Yancheng, Nantong, Huaian, Xuancheng, Liuan, Tongling, Bozhou, Wuhu, Anqing, Ganzhou, Fuzhou, Quanzhou, Ningde, Sanming, Zhangzhou, Longyan, Binzhou, Zibo, Dezhou, Taian, Linyi, Yantai, Liaocheng, Zaozhuang, Jining, Weihai, Weifang, Xinyang, Xuchang, Shangqiu, Nanyang, Luoyang, Changde, Hengyang, Zhuzhou, Yueyang, Yiyang, Loudi, Chenzhou, Huanggang, Xiangyang, Yichang, Qinzhou, Liuzhou, Yuxi, Chuxiong, Dazhou, Nanchong, Mianyang, Meishan, Ssuining, Yinchuan, Yulin, Zunyi, Baotou, Huhehaote, Chifeng, Tangshan, Cangzhou, Foshan, Jiangmen, Shaoguan, Zhaoqing and Maoming.

- (3) Fourth-tier cities include Chuzhou, Bangbu, Huaibei, Chizhou, Xiuzhou, Fuyang, Jiujiang, Jian, Jingdezhen, Shangrao, Pingxiang, Jiaozuo, Pingdingshan, Jiyuan, Puyang, Xinxiang, Shaoyang, Enshi, Suizhou, Ezhou, Huangshi, Guigang, Beihai, Baoshan, Dali, Zhaotong, Puer, Zigong, Yibin, Ankang, Tongchuan, Bijie, Linfen, Pingliang, Tianshui, Heyuan, Jieyang, Chaozhou and Qingyuan.

Completed properties held for sale

Completed properties held for sale represents completed GFA remaining unrecognised at the end of each reporting period and are stated at the lower of cost and net realisable value. Cost of the completed properties held for sale refers to the related costs incurred attributable to the unsold properties.

As at 31 December 2019, the Group had 61 completed property projects and completed properties held for sale amounted to RMB4,140.7 million, representing an increase of 15.1% from RMB3,596.4 million as at 31 December 2018.

Projects under development

Properties under development are intended to be held for sale after completion. Properties under development are stated at the lower of cost, which comprises land costs, construction costs, capitalised interests and other costs directly attributable to such properties incurred during the development period, and net realisable value. Upon completion, the properties are transferred to completed properties held for sale.

As at 31 December 2019, the Group had 254 property projects under development with properties under development amounted to RMB128,779.9 million, representing an increase of approximately 29.5% from RMB99,481.4 million as at 31 December 2018.

Land bank

During the Relevant Year, the Group acquired 139 land parcels with a total planned GFA of 16.6 million sq.m.. The average cost of land parcels acquired (excluding carparks) was approximately RMB4,607 per sq.m. The following table sets forth the details of the land parcels acquired by the Group during the Relevant Year:

No.	City	Project	Site area (sq.m.)	Planned GFA (excluding car parks) (sq.m.)	Total consideration (RMB)	Average land cost (excluding car parks) (RMB/sq.m.)
1	Weifang	Land parcel No.2018-089 in Qingzhou City, Weifang	25,651	51,276	30,781,200	600

No.	City	Project	Site area (sq.m.)	Planned GFA (excluding car parks) (sq.m.)	Total consideration (RMB)	Average land cost (excluding car parks) (RMB/sq.m.)
2	Jinhua	A parcel of land located at the northeastern side of the intersection of Shangfo Road and Sitong Road in Shangxi Town, Yiwu City	24,424	53,733	220,800,000	4,109
3	Mianyang	Land parcel No.15 located at Ming Yue New City in Jiangyou City	63,171	189,513	151,611,200	800
4	Quanzhou	Land parcel No.06 located at Yuzhou Commercial Area in Nanxing District, Huian City	26,195	68,107	158,000,000	2,320
5	Nanyang	Land parcel No.2018-32 located at the western side of Qifeng Avenue, Fangcheng	49,990	124,975	114,730,000	918
6	Hangzhou	A parcel of residential land located at YH02 southern area of Future Science and Technology City	26,094	28,703	391,090,000	13,625
7	Nanning	Land parcel No.GC2018-137 located at Yongning District, Nanning City	25,091	75,272	205,492,915	2,730
8	Taizhou	Land parcel No.BXE036-0613 located at Yuhuan New City	70,000	105,000	512,000,000	4,876
9	Dalian	Land parcel No.0408 located at Jinzhou Bay of Jinzhou District, Dalian	67,287	91,510	226,200,000	2,472
10	Lu'an	Land parcel No.2019-3 located at the west of Liuan City	58,177	104,719	164,400,000	1,570
11	Nanchang	A parcel of land with an area of 77.8mu located at the western side of Xuefu Road in the new city district of Anyi County, Nanchang	51,893	103,786	291,300,000	2,807
12	Suqian	Land parcel No. 2018 (Jin) D Suyu 08 in Suqian	61,047	152,617	392,050,766	2,569
13	Changsha	Land parcel No.[2019]001 in Changsha County, Changsha City	87,316	165,900	337,080,000	2,032
14	Tianjin	Land parcel No.2018-017 located at Dazhang Village, Beichen District, Tianjin	62,087	103,133	445,760,000	4,322

No.	City	Project	Site area (sq.m.)	Planned GFA (excluding car parks) (sq.m.)	Total consideration (RMB)	Average land cost (excluding car parks) (RMB/sq.m.)
15	Tianjin	Land parcel No.2018-018 located at Dazhang Village, Beichen District, Tianjin	54,988	89,311	345,000,000	3,863
16	Suining	A parcel of land with an area of 24mu located at the Jingkai South District, Suining	16,006	35,214	97,480,600	2,768
17	Suzhou	A parcel of land located at the east of Xiangcheng Avenue and the south of Kangyuan Road in Suzhou	47,434	104,355	1,411,900,000	13,530
18	Taizhou	A parcel of land located at the southern side of Wangjiang Road in Binjiang New City, Jingjiang	73,286	131,915	598,000,000	4,533
19	Hefei	Land parcel No.CF201901 located at Gangji Village, Changfeng County	69,271	124,687	675,415,000	5,417
20	Xi'an	A project with an area of 153mu located at Liguang Street in Qinhan New City, Xixian New Area	102,289	173,892	610,000,000	3,508
21	Qingdao	A parcel of land located at the east of Qingdao Road, Laixi City	35,097	98,851	93,676,800	948
22	Chenzhou	A parcel of land (Chen Tu Gua Gao Zi [2019] No.012) in Beihu District, Chenzhou City	70,075	185,698	200,000,000	1,077
23	Cangzhou	Land parcel No.GTP-2017-11 in High-tech Zone, Cangzhou City	69,928	153,841	590,000,000	3,835
24	Hangzhou	A parcel of land located at Kun Sheng Xiao Bang in Jiubao, Hangzhou	5,851	16,382	347,300,000	21,200
25	Hefei	Land parcel No.E1903 in Yaohai District, Hefei	59,233	118,466	928,478,686	7,838
26	Chongqing	Land parcel No.C-14-2/03 located at Zone C of Lijiatuo Division in Ba'nan District, Chongqing City	7,391	14,782	89,500,000	6,055
27	Nanjing	Land parcel No.2018G66 located at Shangfa Town in Jiangning District, Nanjing City	24,217	60,544	730,000,000	12,057

No.	City	Project	Site area (sq.m.)	Planned GFA (excluding car parks) (sq.m.)	Total consideration (RMB)	Average land cost (excluding car parks) (RMB/sq.m.)
28	Changzhou	A parcel of land located at the northern side of Laodong Middle Road and the western side of Youyi Road in Tianning District, Changzhou City	61,134	134,495	1,080,000,000	8,030
29	Yiyang	A parcel of land (Yi Tu Wang Pai Zi [2019] No.07) in High-tech Zone, Yiyang City	36,605	102,494	206,730,000	2,017
30	Guigang	Land parcel No.2018G-109 in Qintang District, Guigang City	46,461	92,921	83,880,000	903
31	Yantai	A redevelopment project located at Beishangfang of Zhifu District, Yantai	66,667	114,300	256,630,200	2,245
32	Jinhua	A parcel of land located at the northern side of Xixi New City, Lanxi City	40,850	81,700	287,580,000	3,520
33	Fuzhou	A parcel of land located at Meixi New City, Minqing	60,467	120,309	423,000,000	3,516
34	Chuxiong	Land parcel No.2019-G-4-1&2 with an area of 112.96mu located at Dongnan New City, Chuxiong City	75,309	263,582	301,989,090	1,146
35	Guiyang	Land parcel No.G(19)014 located at Sanma Area of Yunyan District, Guiyang City	27,663	69,158	493,041,000	7,129
36	Wenzhou	A parcel of land (Yong Zhong YB-08-D15) in Yongqiang North Area, Longwan	50,068	90,122	994,000,000	11,029
37	Fuyang	Land parcel No.[2019]-7 in Yingquan District, Fuyang City	198,625	407,659	1,101,512,400	2,702
38	Wenzhou	Land parcel No.B-c1-2 in Binhai New Area, Yueqing City	31,677	63,354	520,500,000	8,216
39	Chizhou	Land parcel No. [2019]1 in Guichi District, Chizhou City	99,532	159,251	495,000,000	3,108
40	Xinxiang	Land parcel No.(2019)03-2 in Weihui, Xinxiang City	33,016	82,374	91,680,000	1,113

No.	City	Project	Site area (sq.m.)	Planned GFA (excluding car parks) (sq.m.)	Total consideration (RMB)	Average land cost (excluding car parks) (RMB/sq.m.)
41	Anqing	Land parcel No.1901 located in the new city at the eastern part of Anqing City	107,731	236,900	1,137,000,000	4,799
42	Fuzhou	Land parcel No.2019 Pai-04 at the north of Fuqing City	33,948	101,844	312,000,000	3,064
43	Fuzhou	A parcel of land (Rong Gao Xin No. 2019-04) in High-tech Zone, Fuzhou City	60,357	116,393	650,000,000	5,585
44	Wenzhou	Land parcel No.C-c25 located at the central district of Yueqing City	12,605	31,513	309,000,000	9,806
45	Hangzhou	A parcel of land located at Xin An Jiang Street in Jiangde City, Hangzhou with a theatre erected thereon	15,462	26,595	340,000,000	12,784
46	Quanzhou	Land parcel No.P2018-38 located at the south of Chidian Town, Jinjiang City	34,205	85,513	502,000,000	5,870
47	Nanchang	Land parcel No.DAFJ2019005 located at the Hitech Zone in Qingshan Lake District, Nanchang City	102,269	204,538	1,185,810,000	5,798
48	Sanming	Land parcel No.2019P002 in Guixiyang Area, Sanming	45,119	103,700	438,000,000	4,224
49	Xuancheng	A parcel of land located at the southern side of Baida Shopping Centre in Chengnan Area, Guangde County	69,872	125,770	388,808,000	3,091
50	Zigong	Land parcel No.C-250-1 in Jianshe Road of Gongjing District, Zigong City	26,634	39,951	63,919,300	1,600
51	Pu'er	Land parcel No.P01138 in Simao District, Pu'er	17,342	31,215	73,728,000	2,362
52	Xi'an	Land parcel No.XXKG-DZ01-44 located at Konggang New City in Xixian, Xi'an City	39,375	78,750	165,380,000	2,100
53	Weihai	A parcel of land (Rong Zi Jing Gua Zi [2019] No.5) located in Rongcheng, Weihai City	19,240	61,588	125,536,525	2,038

No.	City	Project	Site area (sq.m.)	Planned GFA (excluding car parks) (sq.m.)	Total consideration (RMB)	Average land cost (excluding car parks) (RMB/sq.m.)
54	Loudi	A parcel of land (Lou Tu Wang Gao Zi [2019] No.5) located in Louxing District, Loudi City	38,989	136,461	181,180,000	1,328
55	Quanzhou	Land parcel No. 2018-22 in Jinjiang, Quanzhou	126,062	317,298	487,000,000	1,535
56	Wuxi	Project No. 2 located at Zhang Village in Huishan New City of Huishan District, Wuxi	78,576	133,250	1,379,090,000	10,350
57	Shaoxing	A parcel of land located at Daojiupan in City West, Shengzhou	33,205	49,808	194,000,000	3,895
58	Jinhua	Land parcel No.2 located at Jiangwan Organic Renewal Area in Economic and Technological Development Zone, Yiwu	61,839	80,390	1,284,050,000	15,973
59	Wenzhou	Land parcels No. 02-41, 03-05, 03-06,03-10 and 03-11 located at Phase 2, Nanbinjiang, Jiangnan New District, Ruian City	114,285	300,329	793,370,000	2,642
60	Beihai	A parcel of land located at the northern side of Cultural and Sports Centre No.1 Road of Lianzhou Town, Hepu County, Beihai City	39,312	137,592	152,000,000	1,105
61	Lishui	A parcel of land located at the northwestern side of the intersection of Dongdi Road and Haoxi Road in City North Area, Lishui	144,691	347,258	2,452,000,000	7,061
62	Jiyuan	A parcel of land located at the east of Qinyuan Road and the northern side of Binhe North Street in Hi-tech Zone of Jiyuan City	29,758	59,336	188,814,500	3,182
63	Suzhou	A parcel of land located at Gutang Street, Taicang City District	11,131	20,036	188,270,000	9,397
64	Xuancheng	A parcel of land in Old City District of Ningguo City with an old factory of Sierte erected thereon	70,000	126,000	246,749,580	1,958

No.	City	Project	Site area (sq.m.)	Planned GFA (excluding car parks) (sq.m.)	Total consideration (RMB)	Average land cost (excluding car parks) (RMB/sq.m.)
65	Jiujiang	A parcel of land next to Liangxinjiayuan, Luliangxi Avenue, Liangtang New District, Xiushui County, Jiujiang City	31,736	63,472	137,575,300	2,167
66	Yibin	Land parcel No.TD-A-05-03 in Linjiang New District, Yibin City	40,816	101,632	410,609,000	4,040
67	Huangshi	Land parcel No.G18062 in Daye	38,605	96,513	105,900,000	1,097
68	Huangshi	Land parcel No.WG(2019)14 in Huangshigang District, Huangshi City	64,740	213,642	648,900,000	3,037
69	Cangzhou	Land parcel No.65 in Huanghua Development Zone under the public transfer 2018	48,224	96,448	290,000,000	3,007
70	Ezhou	Land parcel No.WP(2019)003 in Gedian, Ezhou	39,962	103,901	480,610,000	4,626
71	Ningbo	Land parcel No. CC13-01-13-1 in the south of Sun Lake in Jiangbei District, Ningbo	73,067	94,837	617,416,100	6,510
72	Ji'an	Land parcel No. DDA2019023 in City South Area, Jizhou District, Ji'an City	25,064	55,141	171,061,800	3,102
73	Taizhou	A parcel of land located at the east side of Jindai Road and the north side of Fuyuan East Road, Huangyan District, Taizhou	21,389	22,050	182,900,000	8,295
74	Xinxiang	Land parcel No.[2019]016 in the new north side of Economic Development Zone, Xinxiang City	58,420	145,758	210,308,688	1,443
75	Weifang	Land parcel Central Palace in Kuiwen District, Weifang City	62,669	94,004	406,094,900	4,320
76	Chongqing	Land parcel No. X-C07-06/04 in North New District of Yunyang County, Chongqing	44,906	89,811	203,873,200	2,270
77	Zunyi	Land parcel at the second branch of Dongjiu Factory at the west side of Huichuan Avenue in Zunyi	46,522	111,653	164,000,000	1,469

No.	City	Project	Site area (sq.m.)	Planned GFA (excluding car parks) (sq.m.)	Total consideration (RMB)	Average land cost (excluding car parks) (RMB/sq.m.)
78	Wenzhou	Land parcel No. 01-26 at Shuang'ao Village, Ruixiang New District, Ruian City	58,930	174,433	2,101,770,000	12,049
79	Wuxi	Land parcel in north of Yingtian River, Chengjiang Street, Jiangyin	65,517	131,034	1,083,720,000	8,271
80	Binzhou	Land parcel to south of Nongjin Garden, Xincheng District, Boxing County, Binzhou	45,923	91,846	175,660,000	1,913
81	Kunming	Songming County + County Area + SMS2018-12	37,289	93,223	87,529,700	939
82	Wenzhou	Land parcel No. G-09-01 in the area of Binjiang Center, Aojiang Town, Pingyang County	38,084	91,402	197,830,000	2,164
83	Hefei	Land parcel No. XZQTD235 in Xinzhan District, Hefei City	67,834	135,669	905,587,200	6,675
84	Hefei	Land parcel No. CF201915 in the area of Shuangfeng Development Zone, Changfeng County	47,926	95,851	751,250,500	7,838
85	Chengdu	Land parcel No. 2019-023 at the north side of Chengluo Road, Chenghua District, Chengdu	38,770	96,925	1,327,872,500	13,700
86	Chaohu	Land parcel No. 2019-21 in the area of West City in Chaohu City	47,335	94,670	401,172,600	4,238
87	Qingdao	Land parcel in the Supply and Marketing Cooperative in Huangdao District, Qingdao	6,667	20,667	248,000,000	12,000
88	Changzhou	Land parcel located on the east side of Longjiang Middle Road and on the south side of Zhuxiashu Road, Zhonglou District, Changzhou City,	83,642	184,012	1,330,000,000	7,228
89	Changzhou	Land parcel located at the west side of Shuntong Road and to the south side of Feng'an River, at Henglin Town, Economic Development Zone, Changzhou	67,402	148,284	589,000,000	3,972

No.	City	Project	Site area (sq.m.)	Planned GFA (excluding car parks) (sq.m.)	Total consideration (RMB)	Average land cost (excluding car parks) (RMB/sq.m.)
90	Huzhou	Land parcel No. AJ2019J-42 in Chengbei in Anji County	65,378	98,067	458,600,000	4,676
91	Huzhou	Land parcel No. AJ2019J-43 in Chengbei in Anji County	10,261	15,392	70,150,000	4,558
92	Xuzhou	Land parcel No. C at Hanshan, Quanshan District, Xuzhou	64,322	141,509	1,724,000,000	12,183
93	Hangzhou	Land parcel No. BJ1705-11/12/13 at the Olympic Sports Expo Center in Hangzhou	45,932	137,796	4,152,460,000	30,135
94	Shaoxing	Land parcel located in the Jinjishan Beiyuan Thermal Power Plant at Chengzhong in Zhuji City	64,135	83,376	540,180,000	6,479
95	Wuxi	Land parcel located at Wangpo Village, Yicheng Street, Yixing	56,266	123,785	808,000,000	6,527
96	Chifeng	Block D-13 in Hongshan District, Chifeng City	44,179	88,358	331,000,000	3,746
97	Taizhou	Land parcel No. DB200603 in East New District of Wenling City	48,331	96,662	183,000,000	1,893
98	Chongqing	Land parcel No. B12-2/02, Xincheng Core Area, Tongliang District, Chongqing	71,618	143,236	230,970,000	1,613
99	Wuxi	Land parcel located in Xiangshan Road in Xinwu District, Wuxi	23,115	62,411	515,764,600	8,264
100	Wenzhou	Land parcel No. T05-14a at the Taohuadao Area, Binjiang Business District, Wenzhou	39,608	134,667	1,741,000,000	12,928
101	Guigang	Land parcel No. 2018G-99 in Gangbei District, Guigang City	16,789	50,366	75,590,000	1,501
102	Wenzhou	A resettlement land of Nanyang Village, Shencheng Street, Ruian City	22,106	52,809	528,853,700	10,015
103	Nanyang	Land parcel No. G2019-53 in Demonstration Zone in Nanyang City	56,600	141,499	595,000,000	4,205
104	Chongqing	Land parcel No. A8-4-1/01, Zone A, Xinglong Lake Area, Yongchuan District, Chongqing	74,406	171,134	364,316,800	2,129

No.	City	Project	Site area (sq.m.)	Planned GFA (excluding car parks) (sq.m.)	Total consideration (RMB)	Average land cost (excluding car parks) (RMB/sq.m.)
105	Wenzhou	Land parcel No. 43-5-B in Taishang Township, Cangnan County, Wenzhou City	16,580	32,060	219,400,000	6,843
106	Luoyang	Land parcel No. LYTD-2019-27, Zimei Street, Luolong District, Luoyang	60,288	210,655	876,284,642	4,160
107	Luoyang	Land parcel No. LYTD-2019-28, Lotian Street, Luolong District, Luoyang	60,103	210,017	884,421,561	4,211
108	Luoyang	Land parcel No. LYTD-2019-26, Tank Road, Jianxi District, Luoyang	95,525	286,057	1,013,044,300	3,541
109	Wuhu	Land parcel No. FT1911 at the Old Town, Fanchang County	76,785	153,570	274,200,000	1,786
110	Bengbu	Land parcel No. Benggua (2019) 50 in Huaishang District, Bengbu City	56,469	112,938	232,940,000	2,063
111	Ankang	Land parcel No. 081 in High-tech Zone, Ankang City	116,733	245,139	494,300,000	2,016
112	Chongqing	Land parcel No. L02-02/02 at the southern side of Chang'an Avenue, Dianjiang County, Chongqing City	164,816	296,669	326,330,000	1,100
113	Taiyuan	Land parcel No. SG-1961 in Xiaodian District, Taiyuan City	13,901	69,504	205,800,000	2,961
114	Yiwu	Land parcel No.2 located at Phase 1 of Laojie Organic Renewal Area, Niansanli Street, Yiwu	49,097	147,290	987,200,000	6,702
115	Ningbo	Land parcel No. HS17-03-09 in Haishu District, Ningbo City	51,215	148,524	2,581,340,000	17,380
116	Dalian	Land parcel at Phase 2 of No. 1 Shuishiying, Lvshunkou District, Dalian City	61,894	107,445	367,270,000	3,418
117	Jining	Land parcel No. E of Lukang North Plant	37,431	82,348	245,400,000	2,980
118	Tianmen	Land parcel No. P (2019) 126 in West Lake Road, Chengxi District, Tianmen City	46,483	120,856	106,480,000	881
119	Wuhan	Land parcel No. P (2019) 137 in Dongxi Lake District, Wuhan City	51,270	143,556	924,600,000	6,441

No.	City	Project	Site area (sq.m.)	Planned GFA (excluding car parks) (sq.m.)	Total consideration (RMB)	Average land cost (excluding car parks) (RMB/sq.m.)
120	Xuzhou	Land parcel at the southern of Xueyuan Road and eastern of Qingfeng Road, Chengdong Area, Yunlong District, Xuzhou City	132,534	376,533	897,000,000	2,382
121	Shenyang	Land parcel No. 9 in Wanghua Village in the city, Dadong District, Shenyang City	65,911	131,823	804,120,000	6,100
122	Shaoxing	Land parcel at the eastern side of Lou Gong River in Yuecheng District, Shaoxing City	79,629	154,316	1,238,000,000	8,022
123	Ganzhou	Land parcel No.1 at the west of Longzhu North Road, Ruijin Center District, Ganzhou City	59,749	119,498	258,000,000	2,159
124	Taizhou	Land parcel No. XC-02-05-05 (Shiyan Village) in Dahutang New District, Sanmen County	28,833	76,407	282,500,000	3,697
125	Nantong	Land parcel at the southern side of Huaihe Road, Rudong New District	51,814	93,265	390,677,700	4,189
126	Weifang	Land parcel No. 2019-F05 in Fangzi District, Weifang City	62,534	125,068	243,880,000	1,950
127	Nanjing	Land parcel No. G74 at the southeast side of Liuhemo Lake	101,697	162,715	1,030,000,000	6,330
128	Suqian	Land Land parcel No. 2019 (Jing) D Sucheng 10 in Sucheng New District, Suqian City	78,459	196,148	648,071,300	3,304
129	Taizhou	Land parcel No. ZG110203 in Zeguo Town, Wenling City	40,628	89,382	278,000,000	3,110
130	Maoming	Land parcel No. 015 at the southern of Gaozhou Zhanqian Road, Maoming City	25,141	87,992	203,105,000	2,308
131	Xiamen	Land parcel No. 2019JP05 in Wenjiao District, Jimei New Town, Xiamen City	17,228	49,960	1,000,000,000	20,016
132	Jinan	Land parcels No. A1, A2, and A3 in Yaoshan West Area, Tianqiao District, Jinan City	66,029	138,980	990,400,000	7,126

No.	City	Project	Site area (sq.m.)	Planned GFA (excluding car parks) (sq.m.)	Total consideration (RMB)	Average land cost (excluding car parks) (RMB/sq.m.)
133	Chongqing	Land parcels No. FT01-201A, FT01-202 in Fengtai Area, Kaizhou City Northern New District, Chongqing City	99,685	219,307	572,000,000	2,608
134	Nanyang	Land parcel No. G2019-68 in Demonstration Zone, Nanyang City	50,518	111,139	450,000,000	4,049
135	Shaoyang	A parcel of land (Shao Gong Zi Tu Wang Pai Gao Zi (2019) No. 228) in Beita District, Shaoyang City	17,005	59,516	76,560,000	1,286
136	Wenzhou	Land parcel No. ZX-9c-1 in Center District, Leqing City	45,758	91,516	726,000,000	7,933
137	Qingyuan	Land parcel No. E24 in Henghe Street, Qingcheng District, Qingyuan City	19,576	48,939	132,150,000	2,700
138	Nanchang	Land parcel No. DAM2019037 in Xincheng District, Anyi County, Nanchang	34,075	68,151	165,500,000	2,428
139	Yinchuan	Land parcel No. Yindi (G) (2019) -59 in Jinfeng District, Yinchuan City	89,412	178,824	843,776,000	4,718
			<u>7,522,859</u>	<u>16,593,976</u>	<u>76,447,572,853</u>	4,607

As at 31 December 2019, the total land bank attributable to the Group, taking into account the total land bank of projects developed by its subsidiaries, joint ventures and associates, was 45.7 million sq.m., among which, 2.8 million sq.m. were completed properties available for sale/leasable and 42.9 million sq.m. were under development or for future development.

The following table sets forth a breakdown of the total land bank attributable to the Group developed by the Group's subsidiaries by geographical location as at 31 December 2019:

	Number of projects	Completed GFA available for sale/leasable ⁽¹⁾ (sq.m.)	Planned GFA under development (sq.m.)	Estimated GFA for future development (sq.m.)	Total land bank attributable to the Group ⁽²⁾ (sq.m.)	% of total land bank attributable to the Group (%)	Total land bank ⁽³⁾ (sq.m.)
Zhejiang Province	82	750,130	5,159,014	1,445,727	7,354,871	16.1	7,354,871
Jiangsu Province	41	439,197	4,062,637	1,325,314	5,827,148	12.8	5,827,148
Anhui Province	25	27,335	2,219,892	107,326	2,354,553	5.2	2,354,553
Yangtze River Delta	148	1,216,662	11,441,543	2,878,367	15,536,572	34.1	15,536,572
Henan Province	22	—	2,750,385	541,779	3,292,164	7.2	3,292,164
Hunan Province	16	487,608	1,508,644	857,745	2,853,997	6.2	2,853,997
Hubei Province	10	30,758	1,445,910	334,203	1,810,871	3.9	1,810,871
Yunnan Province	10	3,201	1,511,327	—	1,514,528	3.3	1,514,528
Inner Mongolia Autonomous Region	4	—	747,611	747,611	1,495,222	3.3	1,495,222
Sichuan Province	11	—	1,028,180	281,418	1,309,598	2.9	1,309,598
Shaanxi Province	7	—	827,809	283,330	1,111,139	2.4	1,111,139
Guangxi Zhuang Autonomous Region	8	83,994	872,424	87,263	1,043,681	2.3	1,043,681
Chongqing	5	—	450,023	395,427	845,450	1.9	845,450
Ningxia Hui Autonomous Region	2	—	166,813	221,349	388,162	0.9	388,162
Shanxi Province	2	—	276,839	—	276,839	0.6	276,839
Guizhou Province	3	—	267,535	—	267,535	0.6	267,535
Gansu Province	2	—	194,166	—	194,166	0.4	194,166
Midwest China	102	605,561	12,047,666	3,750,125	16,403,352	35.9	16,403,352
Liaoning Province	23	—	2,194,427	654,391	2,848,818	6.2	2,848,818
Hebei Province	3	—	355,535	147,037	502,572	1.1	502,572
Shandong Province	4	—	150,214	316,744	466,958	1.0	466,958
Tianjin	2	—	252,796	—	252,796	0.6	252,796
Pan-Bohai Rim	32	—	2,952,972	1,118,172	4,071,144	8.9	4,071,144
Jiangxi Province	30	508,079	1,618,328	219,715	2,346,122	5.1	2,346,122
Fujian Province	8	21,290	713,076	—	734,366	1.6	734,366
Western Taiwan Straits	38	529,369	2,331,404	219,715	3,080,488	6.7	3,080,488
Guangdong Province	10	—	1,074,296	275,744	1,350,040	3.0	1,350,040
Pearl River Delta	10	—	1,074,296	275,744	1,350,040	3.0	1,350,040
Subtotal	330	2,351,592	29,847,881	8,242,123	40,441,596	88.6	40,441,596

The following table sets forth a breakdown of the total land bank attributable to the Group developed by the Group's joint ventures and associates in terms of geographical location as at 31 December 2019:

	Number of projects	Completed GFA available for sale/leasable ⁽¹⁾ (sq.m.)	Planned GFA under development (sq.m.)	Estimated GFA for future development (sq.m.)	Total land bank attributable to the Group ⁽²⁾ (sq.m.)	% of total land bank attributable to the Group (%)	Total land bank ⁽³⁾ (sq.m.)
Zhejiang Province	59	80,285	1,475,611	38,425	1,594,321	3.5	5,248,560
Jiangsu Province	23	219,630	1,002,806	118,586	1,341,022	2.9	3,727,941
Anhui Province	9	—	379,387	34,975	414,362	0.9	1,742,012
Yangtze River Delta	91	299,915	2,857,804	191,986	3,349,705	7.3	10,718,513
Chongqing	6	35,830	262,332	101,684	399,846	0.9	1,082,646
Henan Province	4	—	144,881	245,724	390,605	0.9	1,050,610
Hunan Province	3	31,837	107,447	—	139,284	0.3	381,419
Yunnan Province	3	—	84,003	—	84,003	0.2	188,231
Guangxi Zhuang Autonomous Region	1	—	15,289	—	15,289	0.0	52,720
Midwest China	17	67,667	613,952	347,408	1,029,027	2.3	2,755,626
Shandong Province	4	5,290	124,468	—	129,758	0.3	577,081
Liaoning Province	1	—	17,262	—	17,262	0.0	33,848
Pan-Bohai Economic Rim	5	5,290	141,730	—	147,020	0.3	610,929
Jiangxi Province	5	33,959	300,658	—	334,617	0.7	1,155,271
Fujian Province	9	26,197	208,341	63,510	298,048	0.7	1,189,756
Western Taiwan Straits	14	60,156	508,999	63,510	632,665	1.4	2,345,027
Guangdong Province	1	—	48,600	—	48,600	0.1	162,000
Pearl River Delta	1	—	48,600	—	48,600	0.1	162,000
Subtotal	128	433,028	4,171,085	602,904	5,207,017	11.4	16,592,095
Total	458	2,784,620	34,018,966	8,845,027	45,648,613	100.0	57,033,691

The following table sets forth a breakdown of the total land bank attributable to the Group developed by the Group's subsidiaries, joint ventures and associate in terms of geographical location as at 31 December 2019:

	Number of projects	Completed GFA available for sale/leasable GFA ⁽¹⁾ (sq.m.)	Planned GFA under development (sq.m.)	Estimated GFA for future development (sq.m.)	Total land bank attributable to the Group ⁽²⁾ (sq.m.)	% of total land bank attributable to the Group (%)	Total land bank ⁽³⁾ (sq.m.)
By City tiers							
Second-tier cities	145	529,036	7,764,866	1,867,414	10,161,316	22.3	14,928,679
Third-tier cities	247	1,791,035	19,597,029	6,045,277	27,433,341	60.1	33,018,299
Forth-tier cities	66	464,549	6,657,071	932,336	8,053,956	17.6	9,086,713
Total	458	2,784,620	34,018,966	8,845,027	45,648,613	100.0	57,033,691
By Region							
Yangtze River Delta	239	1,516,577	14,299,347	3,070,353	18,886,277	41.4	26,255,085
Midwest China	119	673,228	12,661,618	4,097,533	17,432,379	38.2	19,158,978
Pan-Bohai Rim	37	5,290	3,094,702	1,118,172	4,218,164	9.2	4,682,073
Western Taiwan Straits	52	589,525	2,840,403	283,225	3,713,153	8.1	5,425,515
Pearl River Delta	11	—	1,122,896	275,744	1,398,640	3.1	1,512,040
	458	2,784,620	34,018,966	8,845,027	45,648,613	100.0	57,033,691

Notes:

- (1) Completed GFA available for sale/leasable GFA include saleable GFA remaining unsold, leasable GFA and completed GFA that have been pre-sold but yet delivered.
- (2) Total land bank attributable to the Group equals to the sum of (i) total completed GFA available for sale/leasable GFA; (ii) total planned GFA for properties under development; and (iii) total estimated GFA for properties held for future development, adjusted by the equity interest held by the Group in respect of the projects held by the Group's joint ventures and associates.
- (3) Total land bank equals to the sum of (i) total completed GFA available for sale/leasable GFA; (ii) total planned GFA for properties under development; and (iii) total estimated GFA for properties held for future development without adjusting the equity interest held by the Group in respect of the projects held by the Group's joint ventures or associates.

FINANCIAL REVIEW

Revenue

During the Relevant Year, the Group derived its revenue from three business lines, namely (i) sales of properties; (ii) management consulting services; and (iii) rental income from property lease. The revenue of the Group was primarily derived from the sales of properties in the PRC. The following table sets forth the details of the Group's revenue recognised by business line for the years indicated:

	For the year ended		Change in percentage
	31 December		
	2019	2018	
	RMB'000	RMB'000	
	(Unaudited)	(Audited)	
Revenue			
<i>Revenue from contracts with customers</i>			
Sales of properties	56,383,676	29,992,092	+88.0%
Management consulting services	244,044	211,845	+15.2%
Property management services	—	6,321	-100.0%
<i>Revenue from other sources</i>			
Rental income	11,876	4,430	+168.1%
Total	56,639,596	30,214,688	+87.5%

The Group's revenue increased tremendously by approximately 87.5% from RMB30,214.7 million for the year ended 31 December 2018 to RMB56,639.6 million for the year ended 31 December 2019. This increase was mainly attributable to:

- (i) the increase in the total recognised GFA by approximately 108.4% from 2,696,799 sq.m. for the year ended 31 December 2018 to 5,621,427 sq.m. for the year ended 31 December 2019, leading to an increase in revenue from sales of properties by approximately 88.0% from RMB29,992.1 million for the year ended 31 December 2018 to RMB56,383.7 million for the year ended 31 December 2019;
- (ii) the increase in revenue from management consulting services by approximately 15.2% from RMB211.8 million for the year ended 31 December 2018 to RMB244.0 million for the year ended 31 December 2019; and
- (iii) the increase in rental income from the leasing properties from RMB4.4 million for the year ended 31 December 2018 to RMB11.9 million for the year ended 31 December 2019. The rental income in 2019 was mainly contributed by the Group's investment properties located in Wenzhou.

Such increase was partially offset by (i) the decrease in the recognised ASP of properties delivered by the Group by approximately 9.8% from RMB11,121 per sq.m. for the year ended 31 December 2018 to RMB10,030 per sq.m. for the year ended 31 December 2019 due to the decrease in proportion of recognised revenue contributed by Yangtze River Delta Economic Region where property projects generally had higher ASP; and (ii) the decrease in revenue from property management services, which was an ancillary business of the Group, from RMB6.3 million for the year ended 31 December 2018 to nil for the year ended 31 December 2019 as a result of the disposal of such ancillary business by the Group upon reorganisation in the process of the Listing.

Revenue recognised from sales of properties

Revenue generated from the sales of properties amounted to RMB56,383.7 million for the year ended 31 December 2019. The following table sets forth the details of the revenue generated from the sales of properties, the total recognised GFA and recognised ASP for the Group's projects by geographical location for the year ended 31 December 2019:

	For the year ended 31 December 2019			
	Revenue <i>RMB'000</i>	% to total revenue %	Recognised GFA <i>sq.m.</i>	Recognised ASP <i>RMB/sq.m.</i>
Yangtze River Delta				
Lishui	5,225,398	9.3	363,280	14,384
Taizhou	4,163,593	7.4	270,288	15,404
Wuhu	4,452,677	7.9	435,365	10,227
Jiaxing	3,844,408	6.8	312,665	12,296
Ningbo	2,756,617	4.9	205,981	13,383
Wenzhou	2,661,814	4.7	186,360	14,283
Xuancheng	2,324,173	4.1	257,356	9,031
Yancheng	1,882,245	3.3	200,815	9,373
Others	<u>13,750,233</u>	<u>24.4</u>	<u>1,345,608</u>	<u>10,219</u>
Subtotal	<u>41,061,158</u>	<u>72.8</u>	<u>3,577,718</u>	<u>11,477</u>
Midwest China				
Yuxi	1,236,956	2.2	141,038	8,770
Kunming	740,483	1.3	82,484	8,977
Changsha	712,965	1.3	132,727	5,372
Yulin	557,010	1.0	77,309	7,205
Guigang	353,085	0.6	67,388	5,240
Others	<u>1,706,018</u>	<u>3.0</u>	<u>242,731</u>	<u>7,028</u>
Subtotal	<u>5,306,517</u>	<u>9.4</u>	<u>743,677</u>	<u>7,136</u>

For the year ended 31 December 2019

	Revenue <i>RMB'000</i>	% to total revenue %	Recognised GFA <i>sq.m.</i>	Recognised ASP <i>RMB/sq.m.</i>
Pan-Bohai Rim				
Zibo	342,649	0.6	37,308	9,184
Taian	220,592	0.4	30,981	7,120
Laiwu	90,308	0.2	11,517	7,841
Others	<u>270,106</u>	<u>0.5</u>	<u>33,235</u>	<u>8,127</u>
Subtotal	<u>923,655</u>	<u>1.7</u>	<u>113,041</u>	<u>8,171</u>
Western Taiwan Straits				
Ganzhou	3,133,819	5.6	441,039	7,106
Jiujiang	1,785,399	3.2	206,445	8,648
Gian	1,549,551	2.7	226,404	6,844
Jingdezhen	1,091,983	1.9	128,747	8,482
Others	<u>1,414,787</u>	<u>2.5</u>	<u>170,404</u>	<u>8,303</u>
Subtotal	<u>8,975,539</u>	<u>15.9</u>	<u>1,173,039</u>	<u>7,652</u>
Pearl River Delta				
Jiangmen	42,349	0.1	4,339	9,760
Maoming	24,738	*	2,981	8,299
Shaoguan	15,946	*	2,497	6,386
Others	<u>33,774</u>	<u>0.1</u>	<u>4,135</u>	<u>8,168</u>
Subtotal	<u>116,807</u>	<u>0.2</u>	<u>13,952</u>	<u>8,372</u>
Total	<u>56,383,676</u>	<u>100.0</u>	<u>5,621,427</u>	<u>10,030</u>

For the year ended 31 December 2018

	Revenue <i>RMB'000</i>	% to total revenue %	Recognised GFA <i>sq.m.</i>	Recognised ASP <i>RMB/sq.m.</i>
Yangtze River Delta				
Wenzhou	6,885,900	23.0	446,907	15,408
Ningbo	4,664,561	15.6	328,662	14,193
Suzhou	2,239,635	7.5	154,105	14,533
Shaoxing	1,939,010	6.5	238,374	8,134
Taizhou	1,593,645	5.3	138,303	11,523
Hangzhou	818,672	2.7	77,582	10,552
Others	<u>10,311,341</u>	<u>34.3</u>	<u>1,102,278</u>	<u>9,355</u>
Subtotal	<u>28,452,764</u>	<u>94.9</u>	<u>2,486,211</u>	<u>11,444</u>
Midwest China				
Dazhou	144,186	0.5	21,525	6,699
Xuchang	75,993	0.3	10,139	7,495
Kunming	56,788	0.2	7,626	7,447
Changsha	19,192	0.1	3,772	5,279
Others	<u>285,264</u>	<u>0.8</u>	<u>40,420</u>	<u>7,057</u>
Subtotal	<u>582,143</u>	<u>1.9</u>	<u>83,482</u>	<u>6,973</u>
Pan-Bohai Rim				
Yantai	93,450	0.3	15,981	5,848
Linyi	21,802	0.1	2,583	8,441
Others	<u>58,353</u>	<u>0.2</u>	<u>7,029</u>	<u>8,302</u>
Subtotal	<u>173,605</u>	<u>0.6</u>	<u>25,593</u>	<u>6,783</u>
Western Taiwan Straits				
Ganzhou	281,785	0.9	35,391	7,962
Ningde	146,372	0.5	20,674	7,080
Jiujiang	110,291	0.4	12,748	8,652
Others	<u>244,748</u>	<u>0.8</u>	<u>32,640</u>	<u>7,498</u>
Subtotal	<u>783,196</u>	<u>2.6</u>	<u>101,453</u>	<u>7,720</u>

	For the year ended 31 December 2018			
	Revenue	% to total	Recognised	Recognised
	RMB'000	revenue	GFA	ASP
		%	sq.m.	RMB/sq.m.
Pearl River Delta				
Shaoguan	384	*	60	6,400
Total	<u>29,992,092</u>	<u>100.0</u>	<u>2,696,799</u>	11,121

* Less than 0.1%

Cost of sales

The Group's cost of sales increased by approximately 86.5% from RMB23,303.8 million for the year ended 31 December 2018 to RMB43,457.3 million for the year ended 31 December 2019. This increase was generally in line with the increase in the Group's total revenue.

Gross profit and gross profit margin

Gross profit represents revenue less cost of sales. As a result of the foregoing, the Group's gross profit increased by approximately 90.7% from RMB6,910.8 million for the year ended 31 December 2018 to RMB13,182.3 million for the year ended 31 December 2019.

The Group's gross profit margin increased from 22.9% for the year ended 31 December 2018 to 23.3% for the year ended 31 December 2019, primarily because of the higher profitability of the projects delivered during the year.

Finance income

The Group's finance income (mainly represents bank interest income) increased by approximately 45.8% from RMB353.7 million for the year ended 31 December 2018 to RMB515.6 million for the year ended 31 December 2019, primarily due to the increase in bank balances and cash.

Other income and gains

The Group's other income and gains primarily include (i) gain on disposal of subsidiaries; (ii) net foreign exchange difference; (iii) forfeiture of deposits; (iv) government grants; (v) changes in provision for financial guarantee contracts; and (vi) others, which mainly include sundry income. The Group's other income increased by approximately 146.2% from RMB95.0 million for the year ended 31 December 2018 to RMB233.9 million for the year ended 31 December 2019.

Selling and distribution expenses

The Group's selling and distribution expenses increased by approximately 52.2% from RMB1,333.9 million for the year ended 31 December 2018 to RMB2,030.1 million for the year ended 31 December 2019, primarily due to the increase in marketing expenses incurred for the promotion of property projects available for pre-sale during the year.

Administrative expenses

The Group's administrative expenses increased by approximately 54.7% from RMB1,648.3 million for the year ended 31 December 2018 to RMB2,549.7 million for the year ended 31 December 2019, primarily due to the increase in administrative and staff costs as a result of the Group's business expansion during the year.

Other expenses

The Group's other expenses increased by approximately 29.0% from RMB197.8 million for the year ended 31 December 2018 to RMB255.2 million for the year ended 31 December 2019.

Fair value gains on investment properties

The Group's fair value gains on investment properties decreased by approximately 30.7% from RMB72.0 million for the year ended 31 December 2018 to RMB49.9 million for the year ended 31 December 2019.

Fair value losses on financial assets at fair value through profit or loss

The Group's fair value losses on financial assets at fair value through profit or loss increased by approximately 72.5% from RMB4.0 million for the year ended 31 December 2018 to RMB6.9 million for the year ended 31 December 2019.

Finance costs

The Group's finance costs increased by approximately 7.6% from RMB433.5 million for the year ended 31 December 2018 to RMB466.5 million for the year ended 31 December 2019, primarily due to the increase in interest on the Group's bank and other borrowings and senior notes as a result of the increase in amount of borrowings and interest rates, partially offset by the increase in interest capitalised in properties under development.

The Group's total finance costs expensed and capitalised for the year ended 31 December 2019 was RMB4,521.6 million, representing an increase of approximately 49.4% from RMB3,027.5 million for the year ended 31 December 2018. The increase was due to the increase in bank borrowings and interest rates.

The Group's weighted average effective cost of indebtedness for the year was approximately 9.4% (31 December 2018: approximately 9.9%).

Share of profit/losses of joint ventures

The Group recorded share of losses of joint ventures of RMB82.2 million for the year ended 31 December 2018 and share of profits of joint ventures of RMB979.4 million for the year ended 31 December 2019. Such change was primarily due to the delivery of property projects held by the Group's joint ventures which generated profit during the Relevant Year.

Share of profits of associates

The Group's share of profits of associates decreased by approximately 64.4% from RMB717.5 million for the year ended 31 December 2018 to RMB255.4 million for the year ended 31 December 2019, primarily due to the decrease in delivery of property projects held by the Group's associates for the year ended 31 December 2019.

Profit before tax

As a result of the aforementioned changes of the Group's financials, the Group's profit before tax increased by approximately 123.0% from RMB4,438.5 million for the year ended 31 December 2018 to RMB9,898.1 million for the year ended 31 December 2019.

Income tax expense

The Group's income tax expense comprises provisions made for corporate income tax and LAT in the PRC less deferred tax during the year. The Group's income tax expense increased by approximately 90.5% from RMB1,912.2 million for the year ended 31 December 2018 to RMB3,642.2 million for the year ended 31 December 2019.

Profit and core net profit for the year attributable to the owners of the Company

As a result of the aforementioned changes of the Group's financials, the Group's profit for the year attributable to owners of the Company increased by approximately 98.5% from RMB1,931.3 million for the year ended 31 December 2018 to RMB3,833.7 million for the year ended 31 December 2019. The Group's core net profit for the year attributable to the owners of the Company increased by approximately 102.3% from RMB1,928.7 million for the year ended 31 December 2018 to RMB3,901.4 million for the year ended 31 December 2019.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

The industry in which the Group engages is a capital-intensive industry. The Group met and expects to continue meeting its operating capital, capital expenditure and other capital needs with proceeds from the Listing and cash generated from operations including proceeds from sale and pre-sale of properties, bank loans, which include entrusted bank loans provided by ultimate third-party lenders through commercial banks as an intermediary, loans from independent third parties (excluding from financial institutions and private placement asset management plans), trust financing and asset management

arrangements, capital contribution from non-controlling Shareholders, issuance of senior notes and other financings. The Group's need for long-term liquid capital is associated with capital allocated for new property development projects and repayment of long-term loans.

Net current assets

As at 31 December 2019, the Group's net current assets amounted to RMB26,112.3 million (31 December 2018: RMB11,945.2 million). Specifically, the Group's total current assets increased by approximately 31.0% from RMB160,394.2 million as at 31 December 2018 to RMB210,130.8 million as at 31 December 2019. The Group's total current liabilities increased by approximately 24.0% from RMB148,449.0 million as at 31 December 2018 to RMB184,018.5 million as at 31 December 2019. The increase in the Group's total current assets was primarily attributable to (i) the increase in properties under development; and (ii) the increase in prepayments and other receivables as at 31 December 2019.

Cash position

The Group's cash and cash equivalents, pledged deposits and restricted cash amounted to approximately RMB26,495.3 million in total as at 31 December 2019 (2018: approximately RMB23,080.4 million), representing an increase of approximately 14.8% as compared with the end of 2018.

Indebtedness

As at 31 December 2019, the Group had total outstanding indebtedness of RMB40,181.2 million (31 December 2018: RMB27,004.9 million).

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

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Current		
Bank loans		
— secured	2,193,310	490,000
— unsecured	—	232,000
Other loans		
— secured	10,378,095	5,854,621
— unsecured	890,550	673,201
Current portion of long-term bank loans		
— secured	4,786,982	4,593,900
Current portion of long-term other loans		
— secured	1,876,376	2,624,950
Senior notes	1,378,045	—
Total current indebtedness	<u>21,503,358</u>	<u>14,468,672</u>
Non-current		
Bank loans		
— secured	11,991,707	5,211,318
— unsecured	1,150,000	820,000
Other loans		
— secured	2,718,849	4,844,927
— unsecured	—	1,660,000
Senior notes	2,817,326	—
Total non-current indebtedness	<u>18,677,882</u>	<u>12,536,245</u>
Total indebtedness	<u>40,181,240</u>	<u>27,004,917</u>
Secured	38,140,690	23,619,716
Unsecured	2,040,550	3,385,201
Total indebtedness	<u>40,181,240</u>	<u>27,004,917</u>

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

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Bank loans repayable:		
— Within one year or on demand	6,980,292	5,315,900
— In the second year	11,251,174	3,979,318
— In the third to fifth year, inclusive	<u>1,890,533</u>	<u>2,052,000</u>
	<u><u>20,121,999</u></u>	<u><u>11,347,218</u></u>
Other borrowings repayable:		
— Within one year or on demand	13,145,021	9,152,772
— In the second year	2,718,849	6,104,927
— In the third to fifth year, inclusive	<u>—</u>	<u>400,000</u>
	<u><u>15,863,870</u></u>	<u><u>15,657,699</u></u>
Senior notes repayable:		
— Within one year	1,378,045	—
— In the second year	<u>2,817,326</u>	<u>—</u>
	<u><u>4,195,371</u></u>	<u><u>—</u></u>
Total	<u><u>40,181,240</u></u>	<u><u>27,004,917</u></u>
Pledge of assets		

As at 31 December 2019, the Group's borrowings were secured by the Group's assets of RMB60,039.6 million (31 December 2018: RMB43,669.7 million) which includes (i) investment properties; (ii) properties under development; (iii) pledged deposits; and (iv) restricted cash.

Financial risks

The Group's activities expose it to a variety of financial risks, including interest rate risk, credit risk, foreign currency risk and liquidity risk. Generally, the Group introduces conservative strategies on its risk management and did not use any derivatives or other instruments for hedging purposes during the Relevant Year.

Interest rate risk

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

Foreign currency risk

The Group has transactional currency exposures arising from transactions by the group entities in currencies other than their respective functional currencies. In addition, the Group has foreign currency exposures from its cash and cash equivalents and senior notes.

As at 31 December 2019, the Group had bank balances and cash denominated in United States dollars and Hong Kong dollars of RMB421.7 million and of RMB27.5 million, respectively, and senior notes denominated in United States dollars of RMB4,195.4 million, which are subject to fluctuations in exchange rates. The Group has not entered into any foreign currency hedging arrangement. However, the Group will closely monitor its exposure to exchange rates in order to best preserve the Group's cash value.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the head of credit control of the Group.

Liquidity risk

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

CONTINGENT LIABILITIES

Mortgage guarantees

The Group provided guarantees in respect of mortgage facilities granted by certain banks to the purchasers of the Group's completed properties held for sale. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, the Group is responsible to repay the outstanding mortgage principals together with any accrued interest and penalties owed by the defaulted purchasers to those banks. Under such arrangement, the related properties were pledged to the banks as collateral for the mortgage loans, upon default on mortgage repayments by these purchasers, the banks are entitled to take over the legal titles and will realise the pledged properties through open auction.

The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance and registration of property ownership certificates to the purchasers, which will generally be available within half a year to two years after the purchasers take possession of the relevant properties.

The total outstanding guarantee amounts provided by the Group to banks amounted to RMB51,717.8 million as at 31 December 2019 (31 December 2018: RMB28,897.3 million).

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

Financial guarantees

As at 31 December 2019, the Group guaranteed certain of the bank and other borrowings made to its related companies up to RMB10,228.9 million (31 December 2018: RMB6,594.2 million).

Legal contingents

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

COMMITMENTS

As at 31 December 2019, the Group's property development expenditures, acquisition of land use rights and capital contributions payable to joint ventures and associates that had contracted but yet provided for were RMB75,218.3 million (31 December 2018: RMB44,047.4 million).

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Except for the contingent liabilities disclosed above, as at 31 December 2019, the Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement, there were no other significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year, nor was there any plan authorised by the Board for other material investments or additions of capital assets at the date of this announcement.

USE OF PROCEEDS FROM THE LISTING

Net proceeds from the Listing (including the partial exercise of the over-allotment options), after deducting the underwriting commission and other estimated expenses in connection with the Listing which the Company received amounted to approximately HK\$3,050.7 million (equivalent to approximately RMB2,732.8 million). Up to the date of this announcement, the net proceeds received from the Listing have been used, and will continue to be used, in a manner consistent with the proposed allocations in the Prospectus.

An analysis of the utilisation of the net proceeds from the Listing date up to 31 December 2019 is set out below:

	Planned use of net proceeds as stated in the Prospectus <i>RMB million</i>	Actual use of net proceeds up to 31 December 2019 <i>RMB million</i>	Unutilised net proceeds as at 31 December 2019 <i>RMB million</i>
Construction costs for the development of the Group's existing property projects	1,675.2	751.2	924.0
Repayment of trust loans	784.3	779.8	4.5
General working capital	<u>273.3</u>	<u>273.3</u>	<u>—</u>
Total	<u>2,732.8</u>	<u>1,804.3</u>	<u>928.5</u>

The remaining unutilised net proceeds will be used to settle construction payments or trust loan in accordance with the progress of construction or repayment terms of trust loans in the following years.

EMPLOYEE, REMUNERATION POLICY AND TRAINING

Human resource has always been the most valuable resource of the Group. As at 31 December 2019, the Group employed a total of 13,693 full-time employees (31 December 2018: 12,525). For the Relevant Year, the staff cost recognised as expenses of the Group amounted to RMB1,627.3 million (31 December 2018: RMB1,019.2 million). The Group offers its employees competitive remuneration packages that include basic salaries, discretionary bonuses, performance-based payments and year-end bonuses, so as to attract and retain quality staff.

CORPORATE GOVERNANCE

The Group is committed to achieving high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability.

The Company has adopted the Corporate Governance Code contained in Appendix 14 to the Listing Rules as its own code on corporate governance and, to the best knowledge of the Directors, the Company has complied with all applicable code provisions under the Corporate Governance Code, and has established and perfected the corporate governance structure and has set up a series of corporate governance systems. Further information about the corporate governance practices of the Company will be set out in the annual report of the Company for the year ended 31 December 2019.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

Since the Listing, the Company has adopted the Model Code as the guidelines for the Directors' dealings in the securities of the Company. Having made specific enquiries to each of the Directors, they have confirmed that they have complied with the Model Code since the Listing up to 31 December 2019.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- (1) On 18 February 2020, the Company issued senior notes with a principal amount of US\$250,000,000 due in 2021. The senior notes bear interest at 8.75% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 16 February 2021. At any time prior to maturity, the Company may at its option redeem the senior notes, at a predetermined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.
- (2) Since early 2020, the epidemic of COVID-19 has spread across China and other countries and it has affected the business and economic activities of the Group to some extent. The Board has assessed that the Group's contracted sales, rental income and construction progress of development projects in 2020 could be affected by the restrictions imposed by the government and the economic slowdown due to COVID-19 outbreak, which could negatively impact the recognised revenue of

the Group in 2020. The overall financial effect of the above cannot be reliably estimated as of the date of this announcement. The Group will pay close attention to the development of the COVID-19 outbreak and continue to evaluate its impact on the financial position and operating results of the Group.

As at the date of this announcement, save as disclosed above, the Group did not have any other significant event subsequent to 31 December 2019.

REVIEW OF UNAUDITED ANNUAL RESULTS

The Board established an audit committee with written terms of reference in compliance with the Corporate Governance Code. The terms of reference of the audit committee has been uploaded to the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.zldcgroup.com).

The primary duties of the audit committee are to review, supervise and approve the financial reporting process and internal control system and to provide advice and comments to the Board. The audit committee consists of three members, namely Mr. AU YEUNG Po Fung, Mr. WANG Kaiguo and Mr. WU Xiaobo, each of them is an independent non-executive Director. The chairman of the audit committee is Mr. AU YEUNG Po Fung, who possesses appropriate professional qualifications.

The audit committee has discussed, reviewed and agreed with the management of the Company regarding the accounting principles and practices adopted by the Group, together with the internal control and financial reporting matters as well as the annual results of the Group for the year ended 31 December 2019.

SCOPE OF WORK OF ERNST & YOUNG

As a result of the COVID-19, the Company has been informed by its auditors that the audit works conducted on the annual results for the year ended 31 December 2019 in particular in obtaining certain confirmations from banks and financial institutions in China could not be completed as of the date of this announcement. As such, the unaudited annual results contained herein have not been agreed with the Company's auditors.

Following the completion of the audit process, the Company will publish further announcement in relation to the audited annual results for the year ended 31 December 2019 as agreed with the Company's auditors, which is expected to be on or before 15 April 2020. The Company will publish appropriate announcement as and when necessary if there are other material developments in the completion of the auditing process.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Save for the initial public offering as described in the Prospectus and the additional 51,791,500 Shares allotted and issued on 7 August 2019 through the partial exercise of the over-allotment option, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the Relevant Year.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK32.8 cents per Share (equivalent to RMB29.8 cents per Share) payable in cash. The proposed final dividend is subject to the approval of the Shareholders at the forthcoming AGM to be held on Friday, 5 June 2020. The proposed final dividend will be declared and paid in Hong Kong dollars. Subject to the approval of the Shareholders at the Company's forthcoming AGM, the proposed final dividend is expected to be paid on or around Friday, 3 July 2020.

AGM AND CLOSURE OF REGISTER OF MEMBERS

The forthcoming AGM will be held on Friday, 5 June 2020. A notice convening the AGM will be published on the Company's website and the Stock Exchange's website and despatched to the Shareholders in accordance with the requirements of the Listing Rules in due course.

For the purposes of determining the Shareholders' eligibility to attend, speak and vote at the 2020 AGM and the Shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed as appropriate as set out below:

For determining the entitlement to attend, speak and vote at the 2020 annual general meeting

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

For determining the entitlement to the proposed final dividend

The register of members will be closed from Thursday, 11 June 2020 to Monday, 15 June 2020, both days inclusive, during which period no transfer of Shares will be effected. In order to qualify for the proposed final dividend for the Relevant Year, all share transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 10 June 2020.

THE BOARD OF DIRECTORS

As at the date of this announcement, the Board consisted of eight Directors. The executive Directors are Mr. YANG Jian, Mr. HUANG Chunlei, Mr. CHEN Hongliang, Mr. LI Heli and Mr. YAU Sze Ka (Albert); and the independent non-executive Directors are Mr. WANG Kaiguo, Mr. WU Xiaobo and Mr. AU YEUNG Po Fung.

PUBLICATION OF ANNUAL RESULTS

This announcement is published on the website of the Stock Exchange at www.hkexnews.hk as well as the website of the Company at www.zldcgroup.com. The Company's 2019 annual report will be despatched to shareholders of the Company and published on the aforementioned websites in due course.

FORWARD LOOKING STATEMENTS

This announcement includes forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believe”, “estimate”, “anticipate”, “expect”, “intend”, “may”, “will” or “should” or, in each case, their negative, or other variations or similar terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this announcement and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects and growth strategies, and the industry in which the Group operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the industry in which the Group operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this announcement. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which the Group operates are consistent with the forward-looking statements contained in this announcement, those results or developments may not be indicative of results or developments in subsequent periods.

The financial information contained herein in respect of the annual results of the Group have not been audited and have not been agreed with the auditors. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company. When in doubt, shareholders and potential investors are advised to seek advice from professional parties or financial advisers.

By Order of the Board
Zhongliang Holdings Group Company Limited
Yang Jian
Chairman

Hong Kong, 30 March 2020

GLOSSARY AND DEFINITION

“AGM”	annual general meeting of the Company
“ASP”	average selling price
“bank balances and cash”	bank balances and cash comprises restricted cash, pledged deposits and cash and cash equivalents
“Board”	The board of Directors
“China” or “PRC”	the People’s Republic of China
“Contracted sales”	the total contractual value of properties that are contracted for pre-sale and sale in a given period, which is not equivalent to the revenue in the relevant period and shall not be deemed as an indication for the revenue to be recognised in any future period. Contracted sales data is unaudited, provided for investors’ for reference only and may be subject to various uncertainties during the process of collating such sales information
“Core net profit”	profit for the year excluding changes of fair value of investment properties and financial assets at fair value through profit or loss and listing and other non-recurring expenses, net of deferred tax
“Core net profit margin”	core net profit attributable to the owners of the Company for the year divided by revenue for the year and multiplied by 100%
“Corporate Governance Code”	the corporate governance code contained in Appendix 14 to the Listing Rules
“Directors”	director(s) of the Company
“GFA”	gross floor area
“Gross profit margin”	gross profit for the year divided by revenue for the year and multiplied by 100%
“Group”	the Company and its subsidiaries
“LAT”	PRC land appreciation tax
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Listing”	the listing of the Shares on the main board of the Stock Exchange on 16 July 2019

“Listing Date”	16 July 2019, on which the Shares are listed and on which dealings in the Shares are first permitted to take place on the Stock Exchange
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Net gearing ratio”	the total indebtedness less bank balances and cash divided by the total equity at the end of the year multiplied by 100%
“Prospectus”	the prospectus of the Company dated 27 June 2019 being issued in connection with the Listing
“Share(s)”	ordinary share(s) in the capital of the Company with the nominal value of HK\$0.01 each
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Total indebtedness”	total interest-bearing bank and other borrowings and senior notes
“Weighted average cost of indebtedness”	the weighted average of interest costs of all indebtedness outstanding as at the end of each year
“Zhongliang” or “Company”	Zhongliang Holdings Group Company Limited, an exempted company incorporated in Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock code: 2772)

The site area information for an entire project is based on the relevant land use rights certificates, land grant contracts or tender documents, depending on which documents are available. If more than one document is available, such information is based on the most recent document available.

The figures for GFA are based on figures provided in or estimates based on the relevant governmental documents, such as the property ownership certificate, the construction work planning permit, the pre-sale permit, the construction land planning permit or the land use rights certificate.