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HUIJING HOLDINGS COMPANY LIMITED

滙景控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9968)

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

2019 RESULTS HIGHLIGHTS

- Contracted sales (including contracted sales from joint venture) increased by 71.4% to approximately RMB4,391.7 million for the year ended 31 December 2019.
- Revenue increased by 61.1% to approximately RMB3,605.6 million for the year ended 31 December 2019.
- Gross profit amounted to approximately RMB1,644.9 million for the year ended 31 December 2019, of which gross profit on property development was approximately RMB1,642.8 million. Gross profit margin on this segment was approximately 45.6%.
- Net profit amounted to approximately RMB620.0 million for the year ended 31 December 2019, of which approximately RMB615.4 million was attributable to owners of the parent company, which represented a year-on-year increase of 54.6%.
- Cash and bank balances (including restricted and pledged deposits) were RMB728.8 million as at 31 December 2019. Net gearing ratio was 82.6%, which is calculated by net debt divided by total equity. Net debt includes interest-bearing bank and other borrowings and lease liabilities less cash and cash equivalents and restricted cash.
- Proposed final dividend of HK\$4.5 cents per share was recommended by the Board for the year ended 31 December 2019 (2018: nil).

ANNUAL RESULTS

The board of directors (the “**Board**”) of Huijing Holdings Company Limited (the “**Company**”) announces that the consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2019 together with the comparative figures for the year ended 31 December 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2019

	<i>Notes</i>	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
REVENUE	4	3,605,606	2,238,462
Cost of sales		<u>(1,960,659)</u>	<u>(1,045,469)</u>
Gross profit		1,644,947	1,192,993
Other income and gains	4	27,403	16,109
Selling and distribution expenses		(83,818)	(71,332)
Administrative expenses		(263,395)	(190,706)
Fair value gains on investment properties, net		11,027	90,830
Other expenses		(12,466)	(12,694)
Finance costs	5	(82,421)	(77,539)
Share of loss of a joint venture		<u>(14,468)</u>	<u>(10,311)</u>
PROFIT BEFORE TAX	6	1,226,809	937,350
Income tax expense	7	<u>(606,798)</u>	<u>(536,382)</u>
PROFIT FOR THE YEAR		<u>620,011</u>	<u>400,968</u>
ATTRIBUTABLE TO:			
Owners of the parent		615,390	403,188
Non-controlling interests		<u>4,621</u>	<u>(2,220)</u>
		<u>620,011</u>	<u>400,968</u>
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT	9		
Basic (<i>RMB per share</i>)		<u>0.14</u>	<u>0.09</u>
Diluted (<i>RMB per share</i>)		<u>0.14</u>	<u>0.09</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
PROFIT FOR THE YEAR	<u>620,011</u>	<u>400,968</u>
Other comprehensive loss that may be reclassified to profit or loss in subsequent years:		
Exchange differences on translation of foreign operations	<u>(1,595)</u>	<u>(1,524)</u>
OTHER COMPREHENSIVE LOSS FOR THE YEAR	<u>(1,595)</u>	<u>(1,524)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u><u>618,416</u></u>	<u><u>399,444</u></u>
ATTRIBUTABLE TO:		
Owners of the parent	613,795	401,664
Non-controlling interests	<u>4,621</u>	<u>(2,220)</u>
	<u><u>618,416</u></u>	<u><u>399,444</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	<i>Notes</i>	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		17,607	20,026
Right-of-use assets		10,134	4,897
Investment properties		1,002,900	932,300
Intangible assets		5,460	4,544
Investment in a joint venture		28,958	56,479
Land held for development for sale		286,975	23,701
Receivable from a joint venture		492,149	458,841
Deferred tax assets		154,076	111,425
		<hr/>	<hr/>
Total non-current assets		1,998,259	1,612,213
CURRENT ASSETS			
Land held for development for sale		757,842	1,385,367
Properties under development		2,875,681	2,312,033
Completed properties held for sale		1,075,239	805,669
Trade receivables	10	112,806	3,368
Prepayments, other receivables and other assets		1,046,327	944,854
Amounts due from directors		–	157,989
Amounts due from related parties		–	2,303,327
Prepaid land appreciation tax		22,336	3,577
Restricted cash		276,304	285,769
Cash and cash equivalents		452,464	158,662
		<hr/>	<hr/>
Total current assets		6,618,999	8,360,615
CURRENT LIABILITIES			
Trade payables	11	1,582,636	917,714
Other payables, deposits received and accruals		313,602	692,075
Lease liabilities		5,709	3,645
Contract liabilities		1,724,907	1,618,240
Amounts due to directors		62,442	383,935
Amounts due to related parties		–	1,427,197
Loans from related parties		–	601,700
Interest-bearing bank and other borrowings		1,277,150	897,095
Provision for corporate income tax		564,036	317,516
Provision for land appreciation tax		595,145	361,522
		<hr/>	<hr/>
Total current liabilities		6,125,627	7,220,639
NET CURRENT ASSETS			
		<hr/>	<hr/>
		493,372	1,139,976
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<hr/>	<hr/>
		2,491,631	2,752,189

	<i>Notes</i>	2019 RMB'000	2018 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		781,860	1,586,265
Lease liabilities		4,663	1,148
Deferred tax liabilities		82,484	76,806
		<hr/>	<hr/>
Total non-current liabilities		869,007	1,664,219
		<hr/>	<hr/>
NET ASSETS		1,622,624	1,087,970
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the parent			
Issued capital	<i>12</i>	—*	—
Reserves		1,585,879	958,176
		<hr/>	<hr/>
		1,585,879	958,176
		<hr/>	<hr/>
Non-controlling interests		36,745	129,794
		<hr/>	<hr/>
TOTAL EQUITY		1,622,624	1,087,970
		<hr/> <hr/>	<hr/> <hr/>

* The amount is less than RMB500.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company is an exempted company with limited liability incorporated in the Cayman Islands on 9 January 2019 under the Companies Law, Cap 22 of the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business in Hong Kong is located at Unit 2403–2408, 24/F, Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong.

The Company is an investment holding company. During the Year, the Company's subsidiaries were involved in property development and investment in the People's Republic of China (the "PRC"). In the opinion of the directors of the Company (the "Directors"), the ultimate and immediate holding company of the Company is Wui Ying Holdings Limited and the controlling shareholders of the Company (the "Controlling Shareholders") are Mr. Lun Ruixiang ("Mr. Lun RX") and Ms. Chan Hau Wan ("Ms. Chan"), spouse of Mr. Lun RX.

Pursuant to the reorganisation of the Company in connection with the listing of the share of the Company on the Stock Exchange of Hong Kong Limited ("Stock Exchange") (the "Reorganisation"), the Company became the holding company of the companies now comprising the Group on 25 March 2019. Details of Reorganisation as set out in the paragraph headed "Reorganisation" in the section headed "History, Reorganization and Group Structure" in the prospectus of the Company dated 31 December 2019 (the "Prospectus").

2. BASIS OF PREPARATION AND PRESENTATION

Pursuant to the Reorganisation, the Company became the holding company of the companies now comprising the Group on 25 March 2019. The companies now comprising the Group were under the common control of the Controlling Shareholders before and after the Reorganisation. Accordingly, these financial statements have been presented by applying the principles of merger accounting.

The consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the years ended 31 December 2019 and 2018 include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries first came under the common control of the Controlling Shareholders, where this is a shorter period. The consolidated statements of financial position of the Group as at 31 December 2019 and 2018 have been prepared to present the assets and liabilities of the subsidiaries using the existing book values from the Controlling Shareholders' perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

Equity interests in subsidiaries held by parties other than the Controlling Shareholders, and changes therein, prior to the Reorganisation are presented as non-controlling interests in equity in applying the principles of merger accounting.

All intra-group transactions and balances have been eliminated on consolidation.

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

The accounting policies used in the preparation of the financial statements are consistent with those used in the Prospectus.

All HKFRSs effective for accounting period commencing from 1 January 2019 have been early adopted by the Group in the preparation of the financial statements for the year ended 31 December 2018.

3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in one single operating segment, i.e., the property development and investment business. Accordingly, no operating segment information is presented.

Geographical information

No geographical information about the Group's operating segment is presented as the Group's revenue from the external customers is derived solely from its operations in the PRC and more than 90% of the non-current assets of the Group are located in the PRC. Accordingly, in the opinion of the directors, the presentation of geographical information would provide no additional useful information to the users of these financial statements.

Information about major customers

During the current and prior years, no revenue from transactions with a single external customer contributed 10% or more of the Group's total revenue.

4. REVENUE, OTHER INCOME AND GAINS

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

	2019	2018
	RMB'000	RMB'000
Revenue		
<i>Revenue from contracts with customers</i>		
Sale of properties in the PRC	3,601,049	2,238,462
<i>Revenue from another source</i>		
Gross rental income	<u>4,557</u>	<u>–</u>
	<u>3,605,606</u>	<u>2,238,462</u>

Revenue from contracts with customer

(i) Disaggregated revenue information

All revenue from contracts with customers are recognised at a point in time.

The following table shows the amount of revenue recognised in the current year that were included in the contract liabilities at the beginning of the year:

	2019	2018
	RMB'000	RMB'000
Sale of properties	<u>1,570,921</u>	<u>1,951,354</u>

(ii) *Performance obligations*

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

Sales of properties

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

The contracted sales amounts allocated to the remaining performance obligations as at the end of the year:

	2019 RMB'000	2018 RMB'000
Amounts expected to be recognised as revenue:		
Within one year	1,735,375	1,182,635
After one year	52,396	813,816
	<u>1,787,771</u>	<u>1,996,451</u>

The contracted sales amounts allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to sale of properties, of which the performance obligations are to be satisfied within two years. All the other contracted sales amounts 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.

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

	2019 RMB'000	2018 RMB'000
Bank interest income	7,883	874
Interest income of a loan to a joint venture	13,587	14,405
Forfeiture of deposits	2,997	415
Others	2,936	415
	<u>27,403</u>	<u>16,109</u>

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2019 RMB'000	2018 RMB'000
Interest on lease liabilities	463	445
Interest on bank and other borrowings	277,982	206,872
Interest expense arising from revenue contracts	30,879	34,645
Less: Interest capitalised	(226,903)	(164,423)
	<u>82,421</u>	<u>77,539</u>

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Cost of properties sold	1,958,259	1,045,469
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	2,400	–
Depreciation of property, plant and equipment	4,848	5,420
Depreciation of right-of-use assets	7,073	4,518
Amortisation of intangible assets [#]	1,390	870
Lease payments not included in the measurement of lease liabilities	1,262	1,104
Auditor's remuneration	4,752	3,048
Employee benefit expense (including directors' remuneration):		
Salaries, bonuses and benefits in kind	97,125	100,364
Equity-settled share option expense	46,519	–
Pension scheme contributions	6,252	4,376
	<u>149,896</u>	<u>104,740</u>
Foreign exchange differences, net [#]	<u>1,183</u>	<u>6,917</u>

[#] Included in "Administrative expenses" in the consolidated statement of profit or loss.

7. 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 and the British Virgin Islands, the entities within the Group incorporated in the Cayman Islands and the British Virgin Islands are not subject to any income tax. No provision for Hong Kong profits tax has been made for the year as the Group did not generate any assessable profits arising in Hong Kong during the year (2018: Nil). Subsidiaries of the Group operating in the PRC are subject to the PRC corporate income tax ("CIT") at a rate of 25% (2018: 25%).

PRC land appreciation tax ("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 and included in taxation a provision for LAT according to the requirements set forth in the relevant PRC 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>	2018 <i>RMB'000</i>
Current:		
PRC CIT	303,842	202,350
PRC LAT	339,929	328,410
	<u>643,771</u>	<u>530,760</u>
Deferred	<u>(36,973)</u>	<u>5,622</u>
Total tax charge for the year	<u>606,798</u>	<u>536,382</u>

A reconciliation of income tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which the Company and most of its subsidiaries are domiciled to the tax expense at the effective tax rate for the year are as follows:

	2019		2018	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Profit before tax	<u>1,226,809</u>		<u>937,350</u>	
Tax charge at the PRC statutory income tax rate	306,702	25.0	234,338	25.0
Share of loss attributable to a joint venture	3,617	0.4	2,578	0.3
Income not subject to tax	(385)	(0.1)	(218)	(0.1)
Expenses not deductible for tax	11,010	0.9	3,018	0.3
Tax losses not recognised	30,907	2.5	50,359	5.4
Provision for LAT	339,929	27.7	328,410	35.0
Tax effect on LAT	<u>(84,982)</u>	<u>(6.9)</u>	<u>(82,103)</u>	<u>(8.7)</u>
Tax charge at the Group's effective tax rate	<u>606,798</u>	49.5	<u>536,382</u>	57.2

No share of tax attributable to a joint venture is included in "Share of loss of a joint venture" in the consolidated statement of profit or loss (2018: Nil).

8. DIVIDENDS

	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Proposed final dividend — HK\$4.5 cents (2018: Nil) per ordinary share	<u>212,159</u>	<u>—</u>

The proposed final dividend for the year ended 31 December 2019 is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

9. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

The calculation of the basic earnings per share for the year ended 31 December 2019 is based on the profit for the year attributable to owners of the parent of RMB615,390,000 (2018: RMB403,188,000), and the weighted average number of ordinary shares of 4,465,899,977 (2018: 4,465,899,900) in issue during the year.

The weighted average number of ordinary shares used to calculate the basic earnings per share for the year ended 31 December 2019 represented 1 ordinary share of the Company issued on the date of incorporation, 99 ordinary shares of the Company issued by allotment on 27 March 2019, as well as 4,465,899,900 ordinary shares issued pursuant to the Capitalisation Issue (as defined below) as if these shares had been in issue throughout the year ended 31 December 2019.

The weighted average number of ordinary shares used to calculate the basic earnings per share for the year ended 31 December 2018 represented 4,465,899,900 ordinary shares issued pursuant to the Capitalisation Issue as if these shares had been in issue throughout the year ended 31 December 2018.

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

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Earnings		
Profit attributable to owners of the parent, used in the basic and diluted earnings per share calculation	<u>615,390</u>	<u>403,188</u>
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	4,465,899,977	4,465,899,900
Effect of dilution – weighted average number of ordinary shares: Share options	<u>38,946</u>	<u>–</u>
Weighted average number of ordinary shares in issue during the year used in the diluted earnings per share calculation	<u>4,465,938,923</u>	<u>4,465,899,900</u>

10. TRADE RECEIVABLES

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Trade receivables	<u>112,806</u>	<u>3,368</u>

Trade receivables represent receivable arising from the sale of properties. Consideration in respect of properties is payable by the customers in accordance with the terms of the related sale and purchase agreements. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by management.

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

An ageing analysis of the trade receivables as at the end of the year, based on the revenue recognition date or invoice date, is as follows:

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Less than 1 year	112,806	975
Over 1 year	<u>–</u>	<u>2,393</u>
	<u>112,806</u>	<u>3,368</u>

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. Based on evaluation on expected credit loss rate and gross carrying amount, the directors of the Company are of the opinion that the financial impact of expected credit loss in respect of these balance is considered immaterial. As at 31 December 2019 and 2018, the loss allowance for trade receivables was assessed to be minimal.

11. TRADE PAYABLES

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Trade payables to third parties	1,556,470	868,093
Trade payables to related companies controlled by Mr. Lun RX	26,166	49,120
Trade payables to related companies controlled by a close family member of Mr. Lun RX	—	501
	<u>1,582,636</u>	<u>917,714</u>

An ageing analysis of the trade payables as at the end of the year, based on the invoice date, is as follows:

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Less than 1 year	1,433,818	727,260
1 to 2 years	128,009	158,786
3 to 5 years	20,809	31,668
	<u>1,582,636</u>	<u>917,714</u>

The trade payables are unsecured and interest-free and are normally settled based on the progress of the construction of the Group's properties under development.

12. SHARE CAPITAL

Shares

	2019 <i>RMB'000</i>
Authorised: 10,000,000,000 ordinary shares of HK\$0.01 each	<u>90,141</u>
Issued and fully paid: 100 ordinary shares of HK\$0.01 each	<u>—*</u>

A summary of movements in the Company's share capital were as follows:

	<i>Notes</i>	Number of ordinary shares	Nominal value of ordinary shares <i>RMB'000</i>
Authorised:			
At 9 January 2019 (date of incorporation)	<i>(a)</i>	38,000,000	331
Increase in authorised share capital on 11 December 2019	<i>(b)</i>	<u>9,962,000,000</u>	<u>89,810</u>
At 31 December 2019		<u>10,000,000,000</u>	<u>90,141</u>

	<i>Notes</i>	Number of ordinary shares in issue	Issued capital RMB'000
Issue and fully paid:			
At 9 January 2019 (date of incorporation)	<i>(a)</i>	1	—*
Shares issued on 27 March 2019	<i>(c)</i>	99	—*
		<hr/>	<hr/>
At 31 December 2019		100	—*
		<hr/> <hr/>	<hr/> <hr/>

* The amount is less than RMB500.

Notes:

- (a) The Company was incorporated in the Cayman Islands on 9 January 2019 with an authorised share capital of HK\$380,000 at par value of HK\$0.01. On its date of incorporation, 1 ordinary share was allotted and issued by the Company.
- (b) Pursuant to the shareholders' resolution passed on 11 December 2019, the authorised share capital of the Company was increased from HK\$380,000 to HK\$100,000,000 by the creation of an additional 9,962,000,000 ordinary shares of HK\$0.01 each.
- (c) On 27 March 2019, pursuant to the Reorganisation, 98 ordinary shares and 1 ordinary share of HK\$0.01 each were allotted and issued to Wui Ying Holdings Limited (“**Wui Ying**”), a company wholly-owned by Mr. Lun RX, and Wui Shing Holdings Limited (“**Wui Shing**”), a company wholly-owned by Ms. Chan, respectively.
- (d) Pursuant to the shareholders' resolution passed on 11 December 2019, the Company shall allot and issue a total of 4,465,899,900 ordinary shares, credited as fully paid at par, to Wui Ying and Wui Shing by way of capitalisation of the sum of HK\$44,658,999 standing to the credit of the share premium account of the Company (the “**Capitalisation Issue**”). The Capitalisation Issue became unconditional on 16 January 2020.
- (e) In connection with the listing of the shares of the Company on the Stock Exchange, 788,100,000 new ordinary shares of HK\$0.01 each were issued at a price of HK\$1.93 per share for a total cash consideration, before expenses, of HK\$1,521,033,000 (equivalent to RMB1,359,878,000). Dealings in the shares of the Company on the Stock Exchange commenced on 16 January 2020.

FINAL DIVIDEND

The Board recommends a final dividend of HK\$4.5 cents (2018: nil) per ordinary share of the Company, amounting to a total final dividend of approximately RMB212.2 million (2018: nil) for the year ended 31 December 2019.

The proposed final dividend, if approved at the forthcoming annual general meeting of the Company (the “**2020 AGM**”) to be held on Friday, 22 May 2020, is expected to be payable on Tuesday, 18 August 2020 to shareholders whose names appear on the register of members of the Company on Monday, 1 June 2020.

CLOSURE OF REGISTER OF MEMBERS

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

- (a) from Tuesday, 19 May 2020 to Friday, 22 May 2020 (both days inclusive), for the purpose of ascertaining shareholders’ entitlement to attend and vote at the 2020 AGM. In order to be entitled to attend and vote at the 2020 AGM, all completed transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited of Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong no later than 4:30 p.m. (Hong Kong Time) on Monday, 18 May 2020; and
- (b) from Friday, 29 May 2020 to Monday, 1 June 2020 (both days inclusive), for the purpose of ascertaining shareholders’ entitlement to the proposed final dividend. In order to be qualified for the proposed final dividend, all completed transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited at the address as set out in sub-paragraph (a) above no later than 4:30 p.m. (Hong Kong Time) on Thursday, 28 May 2020.

During the periods mentioned in sub-paragraphs (a) and (b) above, no transfer of shares will be registered.

MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL OVERVIEW

In 2019, the PRC economic development continued to maintain steady growth. As real estate is a major part of the macro economy, the PRC government focused more on city-specific measures regarding market regulation to ensure the steady development of the industry. The PRC government has also pledged to adhere to the principle of “housing is for living in, not for speculation” and facilitate the development of a long-term management mechanism for the real estate market.

Confronted with the ever-changing market environment and the increasingly fierce competition in the industry, the Group adheres to the strategy of steady and balanced development and focuses on the mission of “Maintain foothold in Greater Bay Area” (立足大灣區), thus constantly improving operational efficiency and business structure. With a foothold in Dongguan city, the Group will primarily focus on developments in Guangdong Province and expand into regions such as the Central China Region.

BUSINESS REVIEW

The Group derives its revenue primarily from sales of properties and, to a lesser extent, lease of investment properties. For the year ended 31 December 2019, the Group recorded a total revenue of approximately RMB3,605.6 million, representing a year-on-year increase of approximately 61.1%.

Contracted sales

For the year ended 31 December 2019, including those of joint ventures, the Group recorded contracted sales of approximately RMB4,391.7 million, representing an increase of approximately 71.4% compared to the year ended 31 December 2018, and contracted gross floor area (“GFA”) sold of approximately 338,370 sq.m., representing an increase of approximately 57.9% compared to the year ended 31 December 2018.

Sales of properties

For the year ended 31 December 2019, the revenue from sales of properties recorded a year-on-year increase of approximately 60.9% to approximately RMB3,601.0 million, which accounted for approximately 99.9% of the total revenue of the Group. For the year ended 31 December 2019, the Group recognised total GFA of approximately 323,795 sq.m., which represented an increase of approximately 53.1% as compared to the previous year. The average selling price (“ASP”) of the properties recognised as property sales was approximately RMB11,121 per sq.m., representing a year-on-year increase of approximately 5.0%.

Based in Guangdong Province, the Group continued to expand into the Central China Region and key hub cities during the year.

Notes:

1. Saleable/leasable GFA refer to the internal floor area of a property, which has been derived from the relevant (i) pre-sale permit; (ii) floor area prediction report (房產面積預測報告), where a pre-sale permit is not available for the whole or a part of a property; and/or (iii) relevant development indicators approved by the relevant authority responsible for urban and rural planning or the Group's internal records, where neither a pre-sale permit nor floor area prediction report is available for the whole or a part of the development.
2. The development of Fenghua Mansion (豐華公館) commenced in October 2018. On 19 November 2019, the Group acquired this project through the acquisition of a property under development held by Dongguan Fenghua Automobile Sales Services Co., Ltd (東莞市豐華汽車銷售服務有限公司).
3. The expected GFA is not available for Houjie Town Baotun Village Area as the latest land planning remains subject to approval. For further details, please refer to the subsection under the prospectus headed "Compliance with Laws Regulations — Historical Non-compliance Incidents — (A) Delay in Commencement and/or completion of construction within the prescribed period as stipulated in the relevant land grant contracts".
4. As at 31 December 2019, the land in Qingxi Sanzhong Area and Hongmei Hongwugao was zoned for industrial use, current information (including plot ratio) is not relevant for our Group's purpose. For further details, please refer to the subsection under the prospectus headed "Business — Land reserves".
5. Century Gemini and Huijing City are situated on the same parcel of land and therefore share the same site area.

Investment properties

As at 31 December 2019, the Group had a total GFA of approximately 109,901 sq.m (leasable area of approximately 14,108 sq.m.) with rental income of approximately RMB4.6 million for the year ended 31 December 2019.

Land reserves

Leveraging on the Group's in-depth understanding of the property markets in the Greater Bay Area, the Yangtze River Delta Urban Cluster, the Mid-Stream Urban Cluster and intensive studies on its target cities, the Group continued to strategically select and acquire parcels of land at strategic and advantageous locations in those regions and cities in order to further establish the Group's presence in those markets. As at 31 December 2019, the Group has land reserves amounting to approximately 2,941,518 sq.m., with 17 projects and 4 parcels of land located in 5 cities in the Greater Bay Area, the Yangtze River Delta Urban Cluster and the Mid-Stream Urban Cluster.

The following table sets out the GFA of the Group's land reserves by geographical locations as at 31 December 2019:

	Total land reserve GFA (sq.m.)	Percentage of total land reserve GFA (%)
Dongguan	181,889	6.2%
Heyuan	1,166,829	39.7%
Hefei	109,915	3.7%
Hengyang	1,250,943	42.5%
Changsha	231,942	7.9%
	<hr/>	<hr/>
Total	<u>2,941,518</u>	<u>100.0%</u>

As at the date of this announcement, the progress of the Three-old Transformation Schemes was as follows:

1. Project Zhangmutou Baoshan Area: The Three-old Transformation for this project is carried out under the Cooperation Scenario. However, due to the outbreak of the COVID-19 in early 2020, the relevant schedule of completing the Three-old Transformation procedures and obtaining the land-use rights for commercial and residential purposes is expected to be delayed to the end of 2020. The total site area of this project is 171,330 sq.m. with an expected plot ratio accountable gross floor area of 385,000 sq.m..
2. Humen Xinwan Area: The Three-old Transformation for this project is carried out under the Right Owners Scenario. The vendor had finished the transformation of the enterprise into a limited company. However, due to the outbreak of the COVID-19 in early 2020, the relevant schedule of completing the Three-old Transformation procedures and obtaining the land-use rights for residential purposes is expected to be delayed to the end of 2020. The total site area of this project is 14,910 sq.m. with an expected plot ratio accountable gross floor area of 44,730 sq.m..
3. Wanjiang Gonglian Area: The Three-old Transformation for this project is carried out under the Cooperation Scenario. However, due to the outbreak of the COVID-19 in early 2020, the relevant schedule is expected to be affected, as such the Group expects that the Three-old Transformation procedures could be completed by the end of 2024 to obtain the land-use-rights for commercial and residential purposes. The total site area of this project is 58,230 sq.m. with an expected plot ratio accountable gross floor area of 174,690 sq.m..

4. The Company had entered into 6 agreements as preparatory services providers with relevant parties. The relevant projects are all located in Dongguan city and have a total site area of 1,310,781 sq.m.. The Three-old Transformation for the relevant projects is expected to be carried out under the Single Party Scenario. The details of the projects are as follows:

Project	Location	Total site area (sq.m.)
Xie Gang Li Village (謝崗黎村)	Xiegang town, Dongguan city	323,000
AI Smart Town (AI智能小鎮)	Shatian town, Dongguan city	294,400
Qishi South Town (企石南鎮)	Qishi town, Dongguan city	218,600
Cha Shan Shang Yuan (茶山上元)	Chashan town, Dongguan city	207,800
Qingxi Qingxia (清溪清廈)	Qingxi town, Dongguan city	161,300
Chashan Waterworks Area (茶山水廠片區)	Chashan town, Dongguan city	105,681
		<hr/>
Total		<u><u>1,310,781</u></u>

5. The Company is currently working on obtaining the qualifications of the preparatory services providers and promoting the progress of acquiring the project lands for the other 8 projects. The relevant projects are all located in Dongguan city and have a total site area of 379,423 sq.m.. The Three-old Transformation for the relevant projects is expected to be carried out under the Single Party Scenario.

FINANCIAL REVIEW

Overall performance

For the year ended 31 December 2019, total revenue of the Group was approximately RMB3,605.6 million, which represented a year-on-year increase of approximately 61.1%. Gross profit was approximately RMB1,644.9 million, which represented a year-on-year increase of approximately 37.9%. Gross profit margin was approximately 45.6%, which represented a year-on-year decrease of approximately 7.7 percentage points. Profit for the year recorded a year-on-year increase of approximately 54.6% to approximately RMB620.0 million and profit attributable to owners of the parent recorded a year-on-year increase of approximately 52.6% to approximately RMB615.4 million for the year ended 31 December 2019.

Revenue

Revenue increased from approximately RMB2,238.5 million for the year ended 31 December 2018 to approximately RMB3,605.6 million for the year ended 31 December 2019, which represented a year-on-year increase of approximately 61.1%. The GFA delivered increased from 211,429 sq.m. for the year ended 31 December 2018 to 323,795 sq.m. for year ended 31 December 2019, which represented a year-on-year increase of approximately 53.1%, while the ASP increased from RMB10,587 per sq.m. to RMB11,121 per sq.m mainly as a result of the higher GFA delivered in Dongguan city and the relatively higher property price in Dongguan city, especially for the higher average property price of completed projects, namely Humen Marina City, Huijing Riverside Villa Perfection and Huijing City Centre.

Cost of sales

Corresponding to the significant increase in revenue, the cost of sales increased accordingly from approximately RMB1,045.5 million for the year ended 31 December 2018 to approximately RMB1,960.7 million for the year ended 31 December 2019, which resulted from the significant increase in GFA delivered during the year ended 31 December 2019 as compared to the same period in 2018.

Gross Profit and Gross Profit Margin

Gross profit increased from approximately RMB1,193.0 million for the year ended 31 December 2018 to approximately RMB1,644.9 million for the year ended 31 December 2019, with gross profit margin being approximately 53.3% and 45.6%, respectively. The decrease in gross profit margin was mainly due to the difference between the product portfolio and regional portfolio of property delivery in 2019.

Other Income and Gains

Other income and gains increased from approximately RMB16.1 million for the year ended 31 December 2018 to approximately RMB27.4 million for the year ended 31 December 2019. Such increase was mainly due to (i) the increase in bank interest income from approximately RMB0.9 million for the year ended 31 December 2018 to approximately RMB7.9 million for the year ended 31 December 2019, and (ii) the increase in forfeiture of deposits.

Fair Value Gains on Investment Properties

Fair value gains on investment properties decreased significantly from approximately RMB90.8 million for the year ended 31 December 2018 to approximately RMB11.0 million for the year ended 31 December 2019 as the fair value of the Group's investment properties remained relatively stable during the year ended 31 December 2019.

Selling and Distribution Expenses

Selling and distribution expenses increased from approximately RMB71.3 million for the year ended 31 December 2018 to approximately RMB83.8 million for the year ended 31 December 2019. Such increase was primarily due to the increase of approximately RMB11.3 million in advertisement expense for the year ended 31 December 2019 as compared to the same period in 2018, as a result of the increase in advertising and marketing activities held for the year ended 31 December 2019 for project and brand promotion of the Group.

Administrative Expenses

Administrative expenses increased from RMB190.7 million for the year ended 31 December 2018 to RMB263.4 million for the year ended 31 December 2019. Such increase was primarily due to (i) the increase in listing expense from RMB10.1 million for the year ended 31 December 2018 to RMB29.7 million for the year ended 31 December 2019, and (ii) additional expenses of RMB46.5 million incurred for equity-settled share option during the year ended 31 December 2019.

Other Expenses

Other expenses remained relatively stable at approximately RMB12.5 million for the year ended 31 December 2019 as compared to the previous year of approximately RMB12.7 million.

Share of Loss of a Joint Venture

Share of loss of a joint venture increased from approximately RMB10.3 million for the year ended 31 December 2018 to approximately RMB14.5 million for the year ended 31 December 2019, which was primarily due to increase in the salary of the sales staff and advertising expenses of the joint venture.

Finance Costs

Finance cost increased from approximately RMB77.5 million for the year ended 31 December 2018 to approximately RMB82.4 million for the year ended 31 December 2019, which was primarily due to the increase in bank borrowings during the year ended 31 December 2019.

Income Tax Expenses

Income tax expenses increased from approximately RMB536.4 million for the year ended 31 December 2018 to approximately RMB606.8 million for the year ended 31 December 2019, with effective income tax rate of approximately 57.2% and 49.5% for the respective year. The decrease in effective income tax rate was primarily due to the decrease in deferred tax expense.

Net Profit and Net Profit Margin

Net profit increased from approximately RMB401.0 million for the year ended 31 December 2018 to approximately RMB620.0 million for the year ended 31 December 2019, while net profit margin decreased from approximately 17.9% for the year ended 31 December 2018 to approximately 17.2% for the year ended 31 December 2019. The decrease in net profit margin was primarily due to the listing-related expenses and share-based compensation expense incurred during the year ended 31 December 2019.

Our adjusted net profit for the year ended 31 December 2019 after excluding listing-related expenses and share-based compensation expense of approximately RMB29.7 million and RMB46.5 million, respectively, was approximately RMB696.2 million with net profit margin of approximately 19.3%. The increase in net profit was primarily due to an increase in revenue by 61.1% for the year ended 31 December 2019 as a result of an increase in properties delivered, which was partially offset by an increase in selling and distribution expenses and administrative expenses by 17.5% and 38.1%, respectively, compared to the year ended 31 December 2018.

LIQUIDITY AND CAPITAL RESOURCES

The Group operated in a capital-intensive industry and has funded its growth primarily through cash generated from operations including proceeds from the sale of its properties, debt financing and capital contributions from shareholders. The Group's cash requirements relate primarily to acquisitions of lands, properties development, debt repayment, and clearance of all applicable taxes for projects developed.

Going forward, the Group believes that its liquidity requirements will be satisfied by cash generated from its operating activities, banking facilities available to us, and the net proceeds received from the Global Offering.

As at 31 December 2019, the Group had a total cash and bank balance (including restricted cash) of approximately RMB728.8 million as compared to approximately RMB444.4 million as at 31 December 2018. The increase was primarily due to the increase in proceeds from sales of properties. Substantially all of the Group's cash and bank balance are denominated in RMB.

The Group's net current assets were approximately RMB1,140.0 million and RMB493.4 million as at 31 December 2018 and 2019, respectively. The decrease in net current assets was mainly attributable to (i) the increase of current portion of short-term interest-bearing bank and other borrowings of approximately RMB380.1 million as at 31 December 2019; (ii) the increase of trade payables of approximately RMB664.9 million as at 31 December 2019; being partially offset by (i) the increase of cash and cash equivalents and restricted cash of approximately RMB284.4 million as at 31 December 2019; and (ii) the increase of trade receivables of approximately RMB109.4 million as at 31 December 2019.

As at 31 December 2019, the Group's borrowings of RMB2,059.0 million (2018: RMB2,483.4 million) were borrowings with floating interest rates.

As at 31 December 2019, the Group had banking facilities in the total amount of RMB2,951.3 million, of which approximately RMB2,207.4 million, representing 74.8% has been utilized.

Key financial ratios

As at 31 December 2019, the Group's net gearing ratio (calculated as the total borrowings and lease liabilities net of restricted cash, cash and cash equivalents divided by total equity) was approximately 82.6%, which represented a decrease of 160.6 percentage points as compared to approximately 243.2% as at 31 December 2018. The decrease was primarily attributable to the (i) increase in cash and cash equivalents balance as at 31 December 2019, (ii) decrease in loans from related parties and (iii) decrease in short-term and long-term interest-bearing bank and other borrowings and thus an increase in the balance of total equity as at 31 December 2019, which resulted in a better optimised capital structure.

The Group's current ratio was calculated based on its total current assets divided by its total current liabilities as of the respective dates and remained relatively stable at 1.2 times and 1.1 times as at 31 December 2018 and 2019, respectively.

Foreign exchange risk

Substantially all of the Group's revenue and expenditure are denominated in RMB. As at 31 December 2019, the Group has not entered into any hedging transactions. The Group manages its foreign exchange risk by closely monitoring the movement of the foreign currency rates and will consider hedging significant foreign currency exposure should the need arise.

Interest rate risk

The Group's interest rate risk arises from its long-term borrowings. As all of the Group's borrowings are denominated in RMB, the interest rates on the Group's borrowings are primarily affected by interest-bearing bank and other borrowings. The Group manages its interest rate risk by closely monitoring the trend of interest rate fluctuation and its impact on the Group's interest rate risk exposure, as well as regulating the debt portfolio of the Group.

Pledge of assets

The Group's bank and other borrowings as at 31 December 2019 of approximately RMB2,059.0 million (2018: approximately RMB2,483.4 million) were secured by certain land held for development for sale, equity interests in certain subsidiaries, properties owned by the Group, properties under development and completed properties held for sale of the Group with total carrying values of approximately RMB3,111.2 million (2018: approximately RMB2,024.6 million).

Capital commitments

As at 31 December 2019, the Group had commitments that are contracted but not provided for in respect of property development expenditure as follows:

	As at 31 December	
	2019	2018
	(RMB'000)	(RMB'000)
Contracted, but not provided for:		
Properties under development	1,371,239	1,945,198
Purchase of land through acquisition of subsidiaries	840,108	941,206
Investment properties under construction	119,832	131,273
Total	2,331,179	3,017,677

Financial guarantees and contingent liabilities

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

	As at 31 December	
	2019	2018
	(RMB'000)	(RMB'000)
Guarantees given to banks in connection with mortgage facilities provided to customers of the Group's properties (Note a)	5,468,152	4,085,827
Guarantee given to banks in connection with facilities granted to related companies controlled by Mr. Lun RX (Note b)	113,600	1,849,200
Total	5,581,752	5,935,027

Note:

- (a) The Group provided guarantees in respect of mortgage facilities granted by certain banks to the customers 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 customers, the Group is responsible to repay the outstanding mortgage principals together with any accrued interest and penalties owed by the defaulted customers to those banks.

Under the above arrangement, the related properties were pledged to the banks as collateral for the mortgage loans, upon default on mortgage repayments by these customers, 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 start 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 one to two years after the customers take possession of the relevant properties.

The Group did not incur any material losses during the year in respect of the guarantees provided for mortgage facilities granted to customers of the Group's completed properties held for sale. In the opinion of the directors of the Company that in case of default on payments, the net realisable value of the related properties would be sufficient to repay the outstanding mortgage loans principals together with any accrued interest and penalties and accordingly, no financial liability has been made in connection with these guarantees.

- (b) The Group provided guarantees in respect of bank loans granted to certain related companies controlled by Mr. Lun RX. The respective bank loans were also pledged by certain properties owned by Mr. Lun RX or by the Group and guaranteed by Mr. Lun RX.

In determining whether financial liabilities should be recognised in respect of the relevant financial guarantee contracts, the directors of the Company exercise judgement in the evaluation of the probability of a resources outflow that will be required and the assessment of whether a reliable estimate can be made of the amount of the obligation.

In the opinion of the directors of the Company, the fair values of the financial guarantee contracts of the Group are insignificant at initial recognition and the directors consider that the possibility of the default of the parties involved is remote, and accordingly, no financial liability has been recognised in the financial statements. The guarantees were released after the end of the reporting period.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

For the year ended 31 December 2019, there was no significant investment, material acquisition and disposals of subsidiaries and associated companies by the Group.

Significant investment held

For the year ended 31 December 2019, there was no significant investment held by the Group.

Employee and remuneration policy

As at 31 December 2019, the Group had a total of 503 employees. Total expenditure on salary and welfare of the Group's employees for the year ended 31 December 2019 amounted to approximately RMB149.9 million (2018: approximately RMB104.7 million). The Group has adopted a system of determining the remuneration of employees based on employees qualification, experience, position and seniority. In general, the Group provides competitive remuneration packages to employees, which include basic salaries, allowances, discretionary bonus, performance-based rewards and year-end bonus. The Group also pays social security insurance for the Group's employees, including social insurance and housing funds. In terms of employee training, the Group provides consistent and systematic training to employees based on their positions and expertise, in order to enhance their expertise in real estate and their related fields.

Future outlook

Looking ahead, the Company foresees the PRC economic development will continue to maintain steady growth. As real estate is a major part of the macro economy, the PRC government will focus more on city-specific measures regarding market regulation, so as to ensure the steady development of the industry as a whole, while different regional markets may further differ in performance, and liquidity is expected to improve gradually.

Looking forward to 2020, the outbreak of the COVID-19 in early 2020 will have a short-term impact on the PRC economy. Under the effective control measures of the PRC government, the epidemic has generally been under control. Due to the differences in the size and structure of the PRC economy, the impact of the epidemic on the economy is higher than that of during the Severe Acute Respiratory Syndrome (SARS) in 2003. The revenue from the service industries such as catering, retail, transportation, and tourism declined significantly. As the global epidemic spreads, trade is affected and resulted in a weaker foreign demand. In order to achieve this year's economic goals, the PRC government will adopt a more proactive monetary and fiscal policy to increase investment, promote consumption and stabilize foreign demand.

The epidemic will also have a short-term impact on sales, development, investment, and cash flow of the real estate industry. Nevertheless, real estate continues to be the backbone for the growth of the PRC economy. The PRC government will introduce more lenient policies to underpin the market and maintain a reasonable growth in real estate investment. The financial policies pertaining to the real estate industry will also remain stable, individual housing loan is expected to increase steadily, and there is room for downward adjustments of mortgage rate. It is expected that market transactions throughout the year will gradually pick up as the market adjusts. During the epidemic, companies of well-established infrastructure and public management outperformed in major cities, the value of the economic core will be further highlighted, and the attractiveness of the cities will continue to increase in the future.

The outbreak will also have certain impact on the Group, and the specific impact depends on the duration and development trend of the epidemic situation. The Group will adopt a more aggressive sales strategy by adjusting marketing plans and strategies in a timely manner to intensify its marketing effort. Meanwhile, the Group will continue to strengthen cash flow management, speed up repayments and increase capital turnover rate. By optimizing the operation adjustment, the Group sets to refine and strengthen the management of project timeline.

The Group will also maintain a prudent investment strategy, and ensure sufficient and quality land reserve through proactively participating in urban redevelopment and renewal. The Group will continue to strengthen its presence across the Guangdong-Hong Kong-Macau Greater Bay Area, vigorously boost its market share in regions where the Group has established its presence, gradually extending its outreach across areas with high growth potential such as the Yangtze River Delta, Chengdu-Chongqing and the mid-stream of the Yangtze River.

Faced with new challenges, the Group will pay close attention to the changes in market environment, continue to meet customers's demand as its orientation and concentrate on a balanced and steady development. The Group adheres to the strategy of a steady and balanced development and focuses on the mission of "Maintain foothold in Greater Bay Area" (立足大灣區), thus constantly improving operational efficiency and business structure. With a foothold in Dongguan, the Group will continue to focus on developments in Guangdong Province and expand into regions such as the Central China Region.

The following table sets out the GFA breakdown of the Group's land reserves by property project as at 31 December 2019:

As at 31 December 2019

Property Type	Completed as at 31 December 2019				Under development as at 31 December 2019			Total estimate GFA for future development (sq.m.)	Total GFA (sq.m.)
	Unsaleable GFA (sq.m.)	GFA sold (sq.m.)	GFA available for sale (sq.m.)	Investment Property (sq.m.)	Saleable GFA (sq.m.)	Unsaleable GFA (sq.m.)	Investment Property (sq.m.)		
Residential property project									
Dongguan	193,845	1,110,441	81,155	–	65,843	23,650	–	–	1,474,934
Heyuan	35,244	178,087	2,698	–	400,968	77,006	–	763,163	1,457,166
Subtotal	229,089	1,288,528	83,853	–	466,811	100,656	–	763,163	2,932,100
Integrated property project									
Dongguan	28,659	106,438	34,891	–	–	–	–	–	169,988
Hefei	5,965	97,546	17,609	–	92,306	63,995	–	–	277,421
Changsha	–	–	–	–	231,942	64,672	–	–	296,614
Subtotal	34,624	203,984	52,500	–	324,248	128,667	–	–	744,023
Investment property									
Dongguan	–	–	–	25,780	–	–	–	–	25,780
Hefei	–	–	–	–	–	–	84,121	–	84,121
Subtotal	–	–	–	25,780	–	–	84,121	–	109,901
Property promoting specific industry									
Hengyang	1,011	27,871	23,425	–	42,176	11,856	–	1,185,342	1,291,681
Subtotal	1,011	27,871	23,425	–	42,176	11,856	–	1,185,342	1,291,681
Total	264,724	1,520,383	159,778	25,780	833,235	241,179	84,121	1,948,505	5,077,705

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

As at 31 December 2019

Location	Completed as at 31 December 2019						Under development as at 31 December 2019						Total estimate GFA for future development (sq.m.)	Actual/Estimated Construction Commencement Time	Actual/Estimated Pre-sale Commencement Time	Actual/Estimated Construction Commencement Time		
	Total site area (sq.m.)	Unsaleable GFA (sq.m.)	GFA available			Investment Property (sq.m.)	Total GFA completed (sq.m.)	Saleable GFA (sq.m.)	Pre-saleable GFA (sq.m.)	Pre-sold GFA (sq.m.)	Unsaleable GFA (sq.m.)	Investment Property (sq.m.)					Total GFA under development (sq.m.)	
			GFA sold (sq.m.)	for sale (sq.m.)	Investment Property (sq.m.)													
Huijing Riverside Villa (御海藍岸)	Dongguan	315,867	45,731	402,222	36,666	-	484,619	1,185	1,185	295	3,526	-	4,711	-	489,330	2010.9.30	2011.4.1	2020.6
Huijing Riverside Villa • Perfection (御海藍岸 • 臻品)	Dongguan	10,220	5,276	22,366	10,505	-	38,147	-	-	-	-	-	-	-	38,147	2017.9.1	2018.4.28	2019.6.26
Royal Spring Hill (御泉香山)	Dongguan	119,999	42,024	214,455	9,938	-	266,417	-	-	-	-	-	-	-	266,417	2010.12.28	2011.5.20	2017.3.9
City Valley (城市山谷)	Dongguan	59,665	24,566	117,798	6,412	-	148,776	-	-	-	-	-	-	-	148,776	2014.4.15	2014.11.25	2018.7.6
Huijing City Centre (匯景城市中心)	Dongguan	37,025	28,659	106,438	34,891	-	169,988	-	-	-	-	-	-	-	169,988	2015.10.16	2016.4.8	2019.7.8
Century Gemini (世紀雙子) (Note)	Dongguan	17,314	27,168	49,444	9,064	-	85,676	-	-	-	-	-	-	-	85,676	2011.1.21	2012.5.21	2015.1.5
Huijing City (匯景城) (Note)	Dongguan	-	-	-	-	25,780	25,780	-	-	-	-	-	-	-	25,780	2011.1.21	n.a	2015.4.30
Central Palace (中央華府)	Dongguan	18,914	11,670	62,590	4,770	-	79,020	-	-	-	-	-	-	-	79,020	2010.4.14	2010.4.28	2011.11.21
Huijing Palace (匯景華府) and Huijing Ginza (匯景銀座)	Dongguan	38,001	23,619	152,229	900	-	176,748	-	-	-	-	-	-	-	176,748	2005.6.14	2005.10.26	2008.9.28
Emperor View Peak (帝景峰)	Dongguan	12,240	11,661	38,379	319	-	50,359	-	-	-	-	-	-	-	50,359	2008.3.19	2008.9.23	2009.9.16
Humen Marina City (虎門濱海城)	Dongguan	37,407	2,130	50,958	2,581	-	55,669	48,508	39,146	38,137	17,379	-	65,887	-	121,556	2018.7.27	2018.12.14	2020.9.30
Fenghua Mansion (豐華公館)	Dongguan	6,042	-	-	-	-	-	16,150	14,665	-	2,745	-	18,895	-	18,895	2018.10.24	n.a	2020.6.30
Subtotal		672,694	222,504	1,216,879	116,046	25,780	1,581,209	65,843	54,997	38,432	23,650	-	89,493	-	1,670,702			
BundNo.8 (外灘8號)	Heyuan	60,007	35,244	178,087	2,698	-	216,029	-	-	-	-	-	-	-	216,029	2016.7.27	2019.5.8	2018.12.25
Nine Miles Bay (九里灣花園)	Heyuan	273,500	-	-	-	-	-	400,968	230,488	126,385	77,006	-	477,974	230,456	708,430	2018.11.30	2018.12.20	2021.12.31
Dongjiang River Galleries (a portion of)	Heyuan	266,353	-	-	-	-	-	-	-	-	-	-	-	532,707	532,707	n.a	n.a	n.a
Subtotal		599,860	35,244	178,087	2,698	-	216,029	400,968	230,488	126,385	77,006	-	477,974	763,163	1,457,166			
Hefei Huijing City Centre (合肥匯景城市中心)	Hefei	37,779	5,965	97,546	17,609	-	121,120	92,306	-	-	63,995	84,121	240,422	-	361,542	2017.1.19	2017.8.31	2020.9.30
Huijing Yanhu International Resort (衡陽雁景 • 雁湖生態文藝小鎮)	Hengyang	938,427	1,011	27,871	23,425	-	52,307	42,176	30,886	4,211	11,856	-	54,032	1,185,342	1,291,681	2016.4.28	2017.10.30	2020.12.31
Huijing Global Centre (匯景發展環球中心)	Changsha	27,081	-	-	-	-	-	231,942	178,486	50,617	64,672	-	296,614	-	296,614	2016.6.30	2017.12.25	2020.6.30
Total		2,275,841	264,724	1,520,383	159,778	25,780	1,970,665	833,235	494,856	219,645	241,179	84,121	1,158,535	1,948,505	5,077,705			

Note: Century Gemini and Huijing City are situated on the same parcel of land and therefore share the same site area.

REVIEW BY THE AUDIT COMMITTEE

The audit committee of the Company has reviewed the Group's consolidated financial statements and the annual results for the year ended 31 December 2019.

SCOPE OF WORK OF THE INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2019 as set out in this preliminary announcement have been agreed by the Company's auditors, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on this preliminary announcement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE ("CG CODE")

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as set out in Appendix 14 to the Listing Rules. In the opinion of the Directors, the Company has fully complied with the CG Code during the period from the Listing Date to the date of this announcement (the "**Period**").

As the Company was not yet listed on the Main Board of the Stock Exchange until the Listing Date, the CG Code was not applicable to the Company during the period under review. Nevertheless, the Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the Period.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

This preliminary announcement is published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://huijingholdings.com>). The annual report of the Company for the year ended 31 December 2019 containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board
Huijing Holdings Company Limited
Lun Ruixiang
Chairman and Non-executive Director

Hong Kong, 26 March 2020

As at the date of this announcement, the Board comprises Mr. Lun Zhao Ming, Mr. Lau Kam Kwok Dickson and Mr. Lu Peijun as Executive Directors, Mr. Lun Ruixiang as a Non-executive Director, and Ms. Chiu Lai Kuen Susanna, Mr. Hung Wan Shun Stephen and Ms. Lin Yanna as Independent Non-executive Directors.