SUNCITY GROUP HOLDINGS LIMITED
太陽城集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1383)

2019 UNAUDITED ANNUAL RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

- Total revenue decreased by 22.8% to RMB611,827,000 (2018: RMB792,643,000)
- Gross profit decreased by 57.8% to RMB99,918,000 (2018: RMB236,676,000)
- Loss for the year attributable to owners of the Company of RMB1,484,266,000 in 2019 (2018: loss for the year attributable to owners of the Company of RMB1,458,541,000)
- Basic loss per share of RMB22.26 cents in 2019 (2018: Basic loss per share of RMB23.85 cents)

UNAUDITED CONSOLIDATED RESULTS

For the reasons explained below under "Review of Unaudited Annual Results", the auditing process for the annual results of Suncity Group Holdings Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") has not been completed. In the meantime, the board (the "**Board**") of directors (the "**Directors**") of the Company is pleased to announce the unaudited consolidated results of the Group for the year ended 31 December 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	**2019** ***RMB'000*** **(Unaudited)**	2018 *RMB'000* (Audited)
Revenue			
– Contracts with customers		**572,269**	747,595
– Leases		**39,558**	45,048
Total revenue	*3*	**611,827**	792,643
Cost of sales		**(511,909)**	(555,967)
Gross profit		**99,918**	236,676
Other income, gains and losses	*4*	**(82,318)**	(216,514)
Selling and distribution expenses		**(7,648)**	(7,044)
Administrative expenses		**(159,850)**	(103,497)
Other operating expenses		**(3,591)**	(4,538)
Change in fair value of investment properties		**(112,800)**	(10,700)
Change in fair value of financial assets at fair value through profit or loss		**20,681**	1,011
Gain on disposal of subsidiaries		**9,245**	–
Loss on deemed partial disposal of equity interest of an associate	*10*	**(60,442)**	–
Loss on deemed disposal of subsidiaries		**(151,951)**	–
Impairment on interest in an associate	*10*	**(197,728)**	–
Change in fair value of a convertible bond	*15(a)*	**–**	73,936
Change in fair value of derivative financial instruments	*15(a),(b)*	**(521,746)**	(1,189,505)
Reversal of provisions for potential claims		**–**	19,518
Provision for litigation	*14*	**(27,800)**	–
Share of profit (loss) of associates		**5,604**	(1,047)
Share of loss of a joint venture		**(82,165)**	(14,896)
Finance costs	*5*	**(222,462)**	(161,412)

	Notes	2019 *RMB'000* (Unaudited)	2018 *RMB'000* (Audited)
Loss before taxation	*6*	**(1,495,053)**	(1,378,012)
Income tax expenses	*7*	**(14,219)**	(80,886)
Loss for the year		**(1,509,272)**	(1,458,898)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**45,080**	4,943
Share of other comprehensive income of a joint venture and an associate, net of related income tax		**462**	705
Total comprehensive expense for the year		**(1,463,730)**	(1,453,250)
Loss for the year attributable to:			
– Owners of the Company		**(1,484,266)**	(1,458,541)
– Non-controlling interests		**(25,006)**	(357)
		(1,509,272)	(1,458,898)
Total comprehensive expense for the year attributable to:			
– Owners of the Company		**(1,439,585)**	(1,452,893)
– Non-controlling interests		**(24,145)**	(357)
		(1,463,730)	(1,453,250)
Loss per share:			
– Basic *(RMB cents)*	*9*	**(22.26)**	(23.85)
– Diluted *(RMB cents)*	*9*	**(22.26)**	(23.85)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2019	2018
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Audited)
Non-current assets			
Property, plant and equipment		**299,976**	2,387
Right-of-use assets		**2,656**	–
Investment properties		**1,601,400**	1,714,200
Prepayment and deposit for non-current assets		**8,921**	21,282
Pledged bank deposits		**11,771**	7,068
Interests in associates	*10*	**514,519**	741
Interest in a joint venture	*11*	**727,780**	797,389
Deferred tax assets		**66**	83,597
Derivative financial instrument	*15(b)*	**2,619**	–
		3,169,708	2,626,664
Current assets			
Inventories		**595,039**	608,211
Trade and other receivables and prepayments	*12*	**73,202**	78,662
Amounts due from directors		**32**	368
Amount due from a non-controlling shareholder		**3,768**	–
Financial assets at fair value through profit or loss		**–**	44,934
Pledged bank deposits		**304**	303
Restricted bank deposits		**23,542**	3,068
Bank balances and cash		**253,397**	92,668
		949,284	828,214

		As at 31 December	
		2019	2018
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Audited)
Current liabilities			
Trade and other payables	*13*	**208,953**	268,654
Amounts due to related companies		**308,668**	52,103
Amount due to a director		**5,002**	–
Loans from non-controlling shareholders		**84,804**	–
Amounts due to non-controlling shareholders		**669**	–
Contract liabilities		**127,197**	148,144
Receipt in advance		**1,043**	989
Rent and other deposits		**6,141**	7,448
Provisions for potential claims		**22,564**	22,564
Provision for litigation	*14*	**27,800**	–
Bank and other borrowings		**373,442**	243,252
Lease liabilities		**2,274**	–
Convertible bonds	*15(a)*	**581,731**	–
Derivative financial instruments	*15(a)*	**2,146,215**	1,578,882
Current tax liabilities		**335,109**	476,953
		4,231,612	2,798,989
Net current liabilities		**(3,282,328)**	(1,970,775)
Total assets less current liabilities		**(112,620)**	655,889
Non-current liabilities			
Bank and other borrowings		**486,000**	442,000
Interest payables		**9,052**	–
Lease liabilities		**661**	–
Amount due to a related company		**32,128**	229,000
Amount due to a director		**–**	4,893
Loans from a related company		**729,589**	164,463
Convertible bonds	*15(a)*	**–**	515,120
Deferred tax liabilities		**335,326**	359,413
		1,592,756	1,714,889
Net liabilities		**(1,705,376)**	(1,059,000)

	As at 31 December	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Capital and reserves		
Share capital	**582,811**	582,811
Reserves	**(2,534,530)**	(1,630,682)
Deficit attributable to owners of the Company	**(1,951,719)**	(1,047,871)
Non-controlling interests	**246,343**	(11,129)
Total deficit	**(1,705,376)**	(1,059,000)

Notes:

1. PRINCIPAL ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties, financial assets at fair value through profit or loss ("**FVTPL**") and derivative financial instruments that are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Application of new and amendments to HKFRSs and Hong Kong Accounting Standards ("HKASs") that are mandatorily effective for the current year

New and amendments to HKFRSs and HKASs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs and HKASs and Interpretation issued by the HKICPA for the first time in the current year:

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

Except as described below, the application of the new and amendments to HKFRSs and HKASs and Interpretation in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 *Leases* ("**HKAS 17**"), and the related interpretations.

Definition of lease

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

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

As a lessee

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

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the accumulated losses and comparative information has not been restated.

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

i. relied on the assessment of whether leases are onerous by applying HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;

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

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

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 14.02%.

	At 1 January 2019
	RMB'000
	(Unaudited)
Operating lease commitments disclosed as at 31 December 2018	4,970
Lease liabilities discounted at relevant incremental borrowing rates	4,506
Less: Recognition exemption – short-term lease	(848)
Lease liabilities as at 1 January 2019	3,658
Analysed as	
Current	1,942
Non-current	1,716
	3,658

	Right-of-use assets
	RMB'000
	(Unaudited)
The carrying amount of right-of-use assets for own use as at 1 January 2019 comprises the following:	
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	3,658

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

	Carrying amounts previously reported at 31 December 2018	Adjustments	Carrying amounts at 1 January 2019
	RMB'000	*RMB'000*	*RMB'000*
	(Audited)	(Unaudited)	(Unaudited)
Non-current asset			
Right-of-use assets	–	3,658	3,658
Current liability			
Lease liabilities	–	1,942	1,942
Non-current liability			
Lease liabilities	–	1,716	1,716

Note: For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 December 2019, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 January 2019 as disclosed above.

As a lessor

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

(a) Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 January 2019. The application has had no impact on the Group's consolidated statement of financial position at 1 January 2019.

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

New and amendments to HKFRSs and HKASs in issue but not yet effective

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

HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[4]

1 Effective for annual periods beginning on or after 1 January 2021.

2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

3 Effective for annual periods beginning on or after a date to be determined.

4 Effective for annual periods beginning on or after 1 January 2020.

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

2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Company and its subsidiaries (collectively referred as the "**Group**") incurred a net loss of RMB1,509,272,000 (unaudited) for the year ended 31 December 2019 and as at 31 December 2019, the Group's current liabilities exceeded its current assets by RMB3,282,328,000 (unaudited) and its total liabilities exceeded its total assets by RMB1,705,376,000 (unaudited). The Group is dependent on the financial support from Mr. Chau Cheok Wa ("**Mr. Chau**"), its controlling shareholder, including the advances from a controlling shareholder and related companies and convertible bonds of which the aggregated carrying amount is approximately RMB3,555,525,000. Taking into account the financial resources of the Group, including the financial support from Mr. Chau, the Directors are of the opinion that the Group has sufficient working capital to meet in full its financial obligations as they fall due for at least the next twelve months from the end of the reporting period and accordingly these consolidated financial statements have been prepared on a going concern basis.

3. REVENUE AND SEGMENT INFORMATION

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

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Sales of properties	**18,901**	177,400
Property management services income	**13,384**	7,581
Travel agency services income	**5,796**	7,741
Sales of travel related products	**519,738**	535,079
Hotel and integrated resort general consultancy services income	**14,450**	19,794
	572,269	747,595
Leases	**39,558**	45,048
	611,827	792,643

Segment Information

Information reported to the Executive Directors of the Company, being the chief operating decision maker ("**CODM**") for the purpose of resources allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's operating and reportable segments are as follows:

(1) Property development − Development and sales of office premises, residential and retail properties in the People's Republic of China (the "**PRC**");

(2) Property leasing − Leasing of retail and residential properties and provision of property management services in the PRC;

(3) Hotel and integrated resort general consultancy services − Provision of hotel and integrated resort general consultancy services;

(4) Travel related products and services − Sales of travel related products and provision of travel agency services; and

(5) Others − Provision of property management services and transportation services in the Philippines.

Disaggregation of revenue

	Year ended 31 December 2019					
	Property development *RMB'000* (Unaudited)	Property leasing *RMB'000* (Unaudited)	Hotel and integrated resort general consultancy services *RMB'000* (Unaudited)	Travel related products and services *RMB'000* (Unaudited)	Others *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Types of goods or services						
Sales of properties						
– Apartments	**18,901**	**–**	**–**	**–**	**–**	**18,901**
Sales of travel related products						
– Hotel accommodation products	**–**	**–**	**–**	**519,435**	**–**	**519,435**
– Others	**–**	**–**	**–**	**303**	**–**	**303**
Travel agency services income	**–**	**–**	**–**	**5,796**	**–**	**5,796**
Property management services income	**–**	**5,589**	**–**	**–**	**7,795**	**13,384**
Hotel and integrated resort general consultancy services income	**–**	**–**	**14,450**	**–**	**–**	**14,450**
Revenue from contracts with customers	**18,901**	**5,589**	**14,450**	**525,534**	**7,795**	**572,269**
Leases	**–**	**39,161**	**–**	**–**	**397**	**39,558**
Total revenue	**18,901**	**44,750**	**14,450**	**525,534**	**8,192**	**611,827**

	Property development RMB'000 (Audited)	Property leasing RMB'000 (Audited)	Hotel and integrated resort general consultancy services RMB'000 (Audited)	Travel related products and services RMB'000 (Audited)	Total RMB'000 (Audited)
	Year ended 31 December 2018				
Types of goods or services					
Sales of properties					
− Apartments	57,221	–	–	–	57,221
− Villas	120,179	–	–	–	120,179
Sales of travel related products					
− Hotel accommodation products	–	–	–	534,591	534,591
− Others	–	–	–	488	488
Travel agency services income	–	–	–	7,741	7,741
Property management services income	–	7,581	–	–	7,581
Hotel and integrated resort general consultancy services income	–	–	19,794	–	19,794
Revenue from contracts with customers	177,400	7,581	19,794	542,820	747,595
Leases	–	45,048	–	–	45,048
Total revenue	177,400	52,629	19,794	542,820	792,643

	Year ended 31 December 2019					
	Property development	Property leasing	Hotel and integrated resort general consultancy services	Travel related products and services	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Geographical markets by customers' locations						
The PRC	18,901	5,589	–	–	–	24,490
Macau	–	–	–	497,410	–	497,410
Cambodia	–	–	3,441	–	–	3,441
Vietnam	–	–	11,009	27,110	–	38,119
The Philippines	–	–	–	–	7,795	7,795
Turkey	–	–	–	1,014	–	1,014
	18,901	5,589	14,450	525,534	7,795	572,269
Leases	–	39,161	–	–	397	39,558
Total	18,901	44,750	14,450	525,534	8,192	611,827
Timing of revenue recognition						
A point in time	18,901	–	–	5,796	–	24,697
Over time	–	5,589	14,450	519,738	7,795	547,572
	18,901	5,589	14,450	525,534	7,795	572,269
Leases	–	39,161	–	–	397	39,558
Total	18,901	44,750	14,450	525,534	8,192	611,827

	Year ended 31 December 2018				
	Property development *RMB'000* (Audited)	Property leasing *RMB'000* (Audited)	Hotel and integrated resort general consultancy services *RMB'000* (Audited)	Travel related products and services *RMB'000* (Audited)	Total *RMB'000* (Audited)
Geographical markets by customers' locations					
The PRC	177,400	7,581	–	–	184,981
Macau	–	–	–	511,989	511,989
Cambodia	–	–	827	–	827
Vietnam	–	–	18,967	30,831	49,798
	177,400	7,581	19,794	542,820	747,595
Leases	–	45,048	–	–	45,048
Total	177,400	52,629	19,794	542,820	792,643
Timing of revenue recognition					
A point in time	177,400	–	–	7,741	185,141
Over time	–	7,581	19,794	535,079	562,454
	177,400	7,581	19,794	542,820	747,595
Leases	–	45,048	–	–	45,048
Total	177,400	52,629	19,794	542,820	792,643

The duration of contracts in relation to property management services income, income from sales of travel related products, and hotel and integrated resort general consultancy services income usually varies from 1 to 20 years, 1 to 10 days and 1 year, respectively and the contract fees of those contracts are fixed for both 2019 and 2018.

Performance obligations for contracts with customers

Sales of properties

The Group sells properties held for sale directly to buyers through its own sales office and through real estate agents respectively.

The income from sales of properties in the ordinary course of business is recognised when the respective properties have been completed and delivered to the buyers. The Group receives certain percentage of the contract value as pre-sale deposits from buyers when they sign the sale and purchase agreements. The pre-sale deposits result in contract liabilities being recognised throughout the property construction period until the buyer obtains control of the completed property.

Provision of travel agency services

The Group has acted as an agent for the provision of travel agency services including but not limited to reservation of helicopter, flight and limousine services, sales of ferry tickets and event tickets. The travel agency services income is recognised at a net amount after reducing related cost of sales upon performance of the services. It is generally satisfied at a point in time when the control is transferred to the customer, which is at the time when the booking service confirmed with the customer. The normal credit period is 30 days upon the invoice date, which is approximate to the date of revenue recognition.

Provision of property management services

The Group provides the property management services to the tenants of its investment properties. The property management services fee include pre-determined management services in the lease contract in the PRC and real estate management services for several residential and office condominium buildings and private estates in the Philippines. The tenant is required to prepay the property management services fee one month in advance. Property management services income is recognised over time when the tenants simultaneously receive and consume the benefits from the Group's performance. Such services income is recognised over the term of the lease contract.

Sales of travel related products

The Group sells travel related products including hotel accommodation products and travel packages directly to the customers through its physical point-of-sale counters and online platform.

Income from sales of travel related products (i.e. hotel accommodation products) is recognised over time when the customers simultaneously receive and consume the benefits from the Group's performance. When the customer obtains the control of the hotel room reserved and consume the benefits from using such hotel room for the period reserved. Such income is recognised over the period reserved for such hotel room. The Group either requires advanced payments from its customers or grant 30 days of credit period to its customers from the invoice date, which is approximate to the date of revenue recognition.

Income from sales of travel packages is recognised when the performance obligations in the travel packages are satisfied. The travel packages include several performance obligations such as sales of hotel accommodation products and event tickets and provision of limousine services. Each performance obligation in the travel packages is considered to be a distinct goods or service as it is both regularly supplied by the Group to other customers on a stand-alone basis and is available for customers from other providers in the market. Transaction price is allocated between sales of hotel accommodation products and event tickets and provision of limousine services on a relative standalone selling price basis. Revenue relating to the sale of hotel accommodation products is recognised over the period reserved for the hotel rooms. Revenue relating to the sales of event tickets is recognised at the occurrence of the events. Revenue relating to the provision of limousine services is recognised at the time of using the limousine services. The Group grants 30 days of credit period to its customers from the invoice date, which is approximate to the date of revenue recognition.

Provision of hotel and integrated resort general consultancy services

Hotel and integrated resort general consultancy services represent the provision of general consultancy services to the customers who are developing hotel and integrated resort projects in Vietnam and Cambodia. The period of the contracts with those customers is initial one year, with extension subject to mutual agreement. Such income is recognised over time when the customers simultaneously receive and consume the benefits from the Group's performance, which is recognised based on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of services. The Group receives six-month advance payments before the provision of general consultancy services to these customers. These advance payments give rise to contract liabilities at the start of the contracts, until the income recognised on the relevant contracts exceeds the amount of the advance payments. Depending on the terms of each contract, the Group will then receive the general consultancy services income on a half year basis or monthly basis from the seventh month of the contracts. The Group grants credit period ranging from 0 to 15 days to its customers.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2019 and 2018 and the expected timing of recognising revenue are as follows:

	Sales of properties	**Hotel and integrated resort general consultancy services income**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
As at 31 December 2019 (Unaudited)			
Within one year	**127,197**	**–**	**127,197**
As at 31 December 2018 (Audited)			
Within one year	146,832	1,312	148,144

For the sales of properties, the amounts disclosed above represent the Group's expectation on the timing of transferring the legal ownership to its customers.

Segment revenue and results

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

	Property development *RMB'000* (Unaudited)	Property leasing *RMB'000* (Unaudited)	Hotel and integrated resort general consultancy services *RMB'000* (Unaudited)	Travel related products and services *RMB'000* (Unaudited)	Others *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
For the year ended 31 December 2019						
Segment revenue from external customers	**18,901**	**44,750**	**14,450**	**525,534**	**8,192**	**611,827**
Segment (loss) profit	**(41,248)**	**(117,447)**	**4,110**	**9,001**	**2,958**	**(142,626)**
Change in fair value of financial assets at FVTPL						**20,681**
Gain on disposal of subsidiaries						**9,245**
Impairment on interest in an associate						**(197,728)**
Change in fair value of derivative financial instruments						**(521,746)**
Share of profit of associates						**5,604**
Share of loss of a joint venture						**(82,165)**
Loss on deemed disposal of subsidiaries						**(151,951)**
Loss on deemed partial disposal of equity interest of an associate						**(60,442)**
Provision for litigation						**(27,800)**
Unallocated other income, gains and losses						**(85,810)**
Unallocated finance costs						**(163,420)**
Unallocated expenses						**(96,895)**
Loss before taxation						**(1,495,053)**

	Property development RMB'000 (Audited)	Property leasing RMB'000 (Audited)	Hotel and integrated resort general consultancy services RMB'000 (Audited)	Travel related products and services RMB'000 (Audited)	Total RMB'000 (Audited)
For the year ended 31 December 2018					
Segment revenue from external customers	177,400	52,629	19,794	542,820	792,643
Segment profit (loss)	69,435	(15,365)	2,966	31,928	88,964
Change in fair value of financial assets at FVTPL					1,011
Change in fair value of a convertible bond					73,936
Change in fair value of derivative financial instruments					(1,189,505)
Share of loss of an associate					(1,047)
Share of loss of a joint venture					(14,896)
Unallocated other income, gains and losses					(185,081)
Unallocated finance costs					(110,046)
Unallocated expenses					(41,348)
Loss before taxation					(1,378,012)

Segment results represent the profit earned by/loss from each segment without allocation of certain other income, gains and losses, certain finance costs, change in fair value of financial assets at FVTPL, gain on disposal of subsidiaries, impairment on interest in an associate, change in fair value of a convertible bond, change in fair value of derivative financial instruments, share of profit (loss) of associates, share of loss of a joint venture, loss on deemed disposal of subsidiaries, loss on deemed partial disposal of equity interest of an associate, provision for litigation and corporate expenses. This is the measure reported to the CODM for the purpose of resources allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segments:

	As at 31 December	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Segment assets		
Property development	**617,405**	608,684
Property leasing	**1,610,206**	1,724,369
Hotel and integrated resort general consultancy services	**13,354**	11,108
Travel related products and services	**112,509**	113,880
Others	**179,949**	–
Total segment assets	**2,533,423**	2,458,041
Unallocated assets:		
Interests in associates	**514,519**	741
Interest in a joint venture	**727,780**	797,389
Financial assets at FVTPL	**–**	44,934
Property, plant and equipment	**297,526**	–
Right-of-use assets	**2,656**	–
Derivative financial instrument	**2,619**	–
Bank balances and cash	**35,422**	64,815
Deferred tax assets	**66**	83,597
Others	**4,981**	5,361
Consolidated assets	**4,118,992**	3,454,878
Segment liabilities		
Property development	**733,097**	587,517
Property leasing	**464,585**	513,458
Hotel and integrated resort general consultancy services	**994**	2,733
Travel related products and services	**65,461**	67,374
Others	**7,224**	–
Total segment liabilities	**1,271,361**	1,171,082
Unallocated liabilities:		
Current tax liabilities	**335,109**	476,953
Deferred tax liabilities	**335,326**	359,413
Convertible bonds	**581,731**	515,120
Derivative financial instruments	**2,146,215**	1,578,882
Lease liabilities	**2,935**	–
Loans from non-controlling shareholders	**84,804**	–
Amounts due to non-controlling shareholders	**669**	–
Amounts due to related companies	**290,020**	233,658
Amount due to a director	**5,002**	4,893
Loans from a related company	**729,589**	164,463
Provision for litigation	**27,800**	–
Others	**13,807**	9,414
Consolidated liabilities	**5,824,368**	4,513,878

For the purposes of monitoring segment performance and allocating resources among segments:

- all assets are allocated to operating segments other than interests in associates, interest in a joint venture, financial assets at FVTPL, right-of-use assets, derivative financial instrument, certain property, plant and equipment, certain bank balances and cash, deferred tax assets and corporate assets of investment holding companies; and

- all liabilities are allocated to operating segments other than lease liabilities, convertible bonds, derivative financial instruments, current tax liabilities, deferred tax liabilities, amounts due to a director, related companies and non-controlling shareholders, loans from a related company and non-controlling shareholders, provision for litigation and corporate liabilities of investment holding companies.

4. OTHER INCOME, GAINS AND LOSSES

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Advertising income	**50**	149
Interest income	**368**	451
Gain on disposal of property, plant and equipment	**122**	147
(Loss) gain on disposal of financial assets at FVTPL	**(5)**	510
Net exchange loss	**(86,257)**	(181,006)
Maintenance costs	**–**	(32,796)
Impairment loss recognised in respect of other receivables	**–**	(1,983)
Others	**3,404**	(1,986)
	(82,318)	(216,514)

5. FINANCE COSTS

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Effective interest expense on convertible bonds *(note 15(a))*	**54,116**	93,974
Imputed interest expense on promissory note	**21,514**	7,117
Imputed interest expense on loans from a related company	**52,406**	4,273
Interest on promissory note	**5,337**	1,836
Interest on loans from a related company	**28,939**	2,846
Interest on loans from non-controlling shareholders	**665**	–
Interest on bank borrowings	**22,160**	24,443
Interest on other borrowings	**36,854**	26,923
Interest on lease liabilities	**471**	–
	222,462	161,412

No finance costs have been capitalised in 2019 (31 December 2018: Nil).

6. LOSS BEFORE TAXATION

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Loss before taxation has been arrived at after charging (crediting) the following:		
Depreciation of property, plant and equipment	**1,834**	1,519
Depreciation of right-of-use assets	**2,507**	–
Directors' remuneration	**27,297**	13,061
Staff costs, excluding directors		
– salaries and wages, excluding directors	**41,719**	37,482
– share-based compensation benefits, excluding directors and consultants	**2,969**	1,066
– retirements benefits scheme contributions, excluding directors	**2,782**	2,030
Total staff costs, excluding directors and consultants	**47,470**	40,578
Total staff costs	**74,767**	53,639
Cost of sales		
– cost of properties sold	**14,099**	49,756
– cost of travel related products sold	**487,829**	499,175
– cost of services rendered	**9,981**	7,036
	511,909	555,967
Gross rental income from investment properties	**(39,558)**	(45,048)
Less: Direct operating expenses incurred for investment properties	**3,213**	4,574
	(36,345)	(40,474)

7. INCOME TAX EXPENSES

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Current tax		
– Enterprise Income Tax ("**EIT**")	**(39,863)**	4,349
– Macau Complementary Income Tax ("**CIT**")	**2,769**	3,903
– Philippines Corporate Income Tax ("**PCIT**")	**300**	–
	(36,794)	8,252
Land Appreciation Tax ("LAT")	**(8,431)**	58,461
Deferred tax	**59,444**	14,173
	14,219	80,886

(a) Hong Kong Profits Tax

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. No provision for taxation in Hong Kong has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

(b) EIT

Under the Law of the PRC on EIT (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the Group's PRC subsidiaries is 25% for both years.

(c) PRC withholding income tax

PRC withholding income tax of 10% shall be levied on the dividends declared by the companies established in the PRC to their foreign investors out of their profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are incorporated or operated in Hong Kong and fulfil the requirements to the tax treaty arrangements between the PRC and Hong Kong.

Under the EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to approximately RMB668,499,000 (unaudited) (31 December 2018: approximately RMB555,170,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

(d) LAT

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

(e) Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 of the Cayman Islands and accordingly, is exempted from the Cayman Islands income tax. The Company's subsidiaries in the British Virgin Islands were incorporated under the International Business Companies Act of the British Virgin Islands and, accordingly, are exempted from British Virgin Islands income tax.

(f) Macau CIT

Macau CIT is calculated at the progressive rate on the estimated assessable profits. The maximum tax rate is 12% for the both years.

(g) PCIT

PCIT is calculated at 30% of the estimated assessable profits for the year ended 31 December 2019.

(h) Philippines withholding tax

Philippines withholding tax of 30% shall be levied on the dividend declared by the companies incorporated in the Philippines.

8. DIVIDENDS

The board of directors does not recommend the payment of a final dividend for each of the years ended 31 December 2019 and 2018.

9. LOSS PER SHARE

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

Loss figures are calculated as follows:

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Loss		
Loss for the purpose of calculating basic and diluted loss per share (Loss for the year attributable to owners of the Company)	**(1,484,266)**	(1,458,541)
Effect of dilutive potential ordinary shares:		
Adjustment to the shares of profit of SA (As defined in note 10) based on dilution of its earnings per share	**(24)**	–
Loss for the purpose of calculating diluted loss per share	**(1,484,290)**	(1,458,541)

	Number of shares	
	2019	2018
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**6,666,972,746**	6,116,414,264

For the years ended 31 December 2019 and 2018, the computation of diluted loss per share does not assume the exercise of the Company's outstanding share options and the conversion of the outstanding convertible bonds of the Company since the exercise of those share options and the conversion of the outstanding convertible bonds would result in decrease in loss per share.

10. INTERESTS IN ASSOCIATES

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Cost of investments in associates		
Listed in Hong Kong	**457,678**	–
Unlisted	**20,108**	1,745
Shares of post-acquisition results and other comprehensive income (expense), net of dividend received	**4,584**	(1,084)
Exchange difference	**32,149**	80
	514,519	741
Fair value of listed investment *(Note)*	**435,785**	–

Note: As at 31 December 2019, the fair value of the Group's interest in its listed associate, Summit Ascent Holdings Limited ("**SA**") of which its shares on The Stock Exchange of Hong Kong Limited was approximately RMB436 million based on the quoted market price available on the Stock Exchange of Hong Kong Limited, which is a level 1 input in terms of HKFRS 13 *Fair Value Measurement*.

On 23 April 2019, the Group completed the acquisition of additional 24.68% equity interest in SA for a total consideration of HK$717,812,540 (equivalent to approximately RMB613,780,000).

The directors of the Company considered that the Group has significant influence over SA through its representatives on the board of directors of SA and therefore accounted for SA as an associate upon the additional acquisition in April 2019 and as at 31 December 2019. Goodwill of approximately HK$84,274,315 (equivalent to RMB72,060,438 (unaudited)) is recognised upon the recognition of SA as an associate in April 2019.

Prior to the acquisition of additional 24.68% equity interest in SA, the equity interest in SA held by the Group was diluted to 3.29% from 3.31% due to the exercise of share options granted by SA. Upon the additional acquisition in April 2019, the financial asset represents 3.29% equity interest in SA held by the Group has been derecognised on 23 April 2019 accordingly and approximately RMB20,681,000 (unaudited) of gain from the derecognition has been recognised during the year ended 31 December 2019.

After accounting for SA as an associate of the Group, the Group further acquired 1.80% equity interest of SA from the open market for a total consideration of approximately HK$45,021,600 (equivalent to approximately RMB38,621,000 (unaudited)).

During the year ended 31 December 2019, due to the exercise of share options granted by SA subsequent to the acquisition of 29.77% equity interest in SA, the equity interest in SA held by the Group was diluted from 29.77% to 29.68%. In addition, with SA's additional issuance of 300,000,000 shares to not less than six independent third parties at HK$1.01 each, the equity interest of SA held by the Group has been further diluted from 29.68% to 24.74% and approximately RMB60,442,000 (unaudited) of loss from such deemed partial disposal has been recognised during the year ended 31 December 2019.

For the purpose of impairment testing, the recoverable amount of SA has been determined based on a value in use calculation. During the year ended 31 December 2019, impairment loss on interest in SA of approximately RMB197,728,000 (unaudited) has been recognised.

11. INTEREST IN A JOINT VENTURE

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Cost of unlisted investment	**363,621**	363,621
Share of post-acquisition losses and other comprehensive expenses	**(95,958)**	(14,191)
Exchange difference	**6,979**	2,154
	274,642	351,584
Loans to a joint venture *(Note)*	**444,309**	444,309
Exchange difference	**8,829**	1,496
	727,780	797,389

Note: The loans to a joint venture are interest-free, unsecured and with no fixed repayment term. Such loans form the Group's net investment in the joint venture.

12. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables *(Note)*		
– contracts with customers	**57,715**	64,576
– operating leases	**1,878**	222
	59,593	64,798
Allowance for impairment	**–**	–
	59,593	64,798
Other receivables	**3,665**	4,374
Other deposits	**7,249**	7,130
Prepayments	**2,695**	2,360
	73,202	78,662

Note: Amount represents the trade receivables from sales of properties, rental income, hotel and integrated resort general consultancy services and travel agency services. Proceeds receivable in respect of sales of properties are settled in accordance with the terms stipulated in the sales and purchase agreements. Buyers are not granted with any credit period for both years. For the proceeds receivables in respect of rental income from lease of investment properties, no credit periods are granted for both years. For the hotel and integrated resort general consultancy services, a credit period ranging from 0 to 15 days is granted. For the travel agency services, the Group generally allows a credit period of 30 days to its customers.

The following is an aging analysis of trade receivables based on the dates of the properties delivered, dates of check-in and invoice dates of both hotel and integrated resort general consultancy services and property leasing at the end of each reporting period which approximated to the revenue recognition dates.

	As at 31 December	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 30 days	**56,257**	62,957
31–90 days	**870**	129
91–180 days	**544**	–
Over 180 days	**1,922**	1,712
	59,593	64,798

13. TRADE AND OTHER PAYABLES

	As at 31 December	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables *(Note)*	**57,107**	65,762
Other payables and accruals	**120,040**	147,524
Interest payables	**20,302**	32,191
Other tax payables	**11,504**	23,177
	208,953	268,654

Note: The credit period of trade payables ranges from 30 to 180 days.

The following is an aging analysis of trade payables at the end of each reporting period based on invoice dates:

	As at 31 December	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0–90 days	**12,574**	19,674
Over 90 days	**44,533**	46,088
	57,107	65,762

14. PROVISION FOR LITIGATION

During the year ended 31 December 2019, the Group received an enforcement civil ruling (the "**Judgement**") from Shenzhen Baoan District People's Court (the "**Court**") relating to the enforcement of a civil claim (the "**Individual Claim**") by an individual (the "**Individual**"), an independent third party to the Group. The Individual Claim relates to a lease agreement in respect of a unit, which forms part of the Group's investment properties (the "**Unit**") for the lease term from 26 September 2011 to 24 October 2062, as well as the damages arising from the non-performance of the lease agreement. Certain investment properties of the Group with fair value of approximately RMB533,000,000 were seized for the period from 10 May 2019 to 9 May 2022. Pursuant to the Judgement, the Group is liable to compensate the loss arising from the non-performance of the lease agreement during the period from the inception of lease to 25 June 2019 amounting to approximately RMB1,595,000.

In the opinion of the lawyer in the PRC, it is probable that the Group will be liable to compensate the loss of the Individual Claim and the loss arising from the non-performance for the remaining lease period with reference to the estimated future rental income from the Unit for the remaining lease period. Provision of approximately RMB27,800,000 (unaudited) has been recognised as of and during the year ended 31 December 2019.

15. CONVERTIBLE BONDS/DERIVATIVE FINANCIAL INSTRUMENTS

(a) Convertible bonds

2016 Convertible Bond

On 8 December 2016, the Company issued a convertible bond ("**2016 Convertible Bond**") with a principal amount of HK$570,000,000 (equivalent to RMB505,077,000 at the issuance date) to Fame Select Limited ("**Fame Select**"), the major shareholder of the Company to set off the balance of the loan from immediate holding company and the related accrued interest due to Fame Select on a dollar-for-dollar basis against the total subscription price payable by Fame Select in respect of the subscription of the 2016 Convertible Bond.

The original maturity date of the 2016 Convertible Bond is 7 December 2018 ("**2016 CB Maturity Date**") which is 2 years from the date of issue of the 2016 Convertible Bond. The 2016 Convertible Bond is not interest bearing and matures on 2016 CB Maturity Date at the principal amount. The 2016 Convertible Bond is convertible into shares of the Company at any time after the issuance up to the close of business on the 2016 CB Maturity Date at the conversion price of HK$0.26 per share, subject to anti-dilutive adjustments ("**2016 CB Conversion Option**"). The initial number of ordinary shares of the Company issuable upon conversion is 2,192,307,692 shares, which represent 59.34% of the total number of ordinary shares of the Company issued and outstanding as of the issue date of the 2016 Convertible Bond as enlarged by the conversion of the entire 2016 Convertible Bond.

The Company is entitled to an option to early redeem at any time before 2016 CB Maturity Date the whole or part of the principal outstanding amount of the 2016 Convertible Bond at principal amount.

The 2016 Convertible Bond contains a debt component and derivative component. The 2016 CB Conversion Option is classified as a derivative financial liability as it will be settled other than by an exchange of a fixed amount of cash for a fixed number of the Company's own equity instruments on the basis that the 2016 Convertible Bond is denominated in HK$, a foreign currency of the Company.

The fair value of the 2016 Convertible Bond was approximately HK$568,761,000 (equivalent to approximately RMB503,979,000) on the initial recognition date. On initial recognition, the debt component was recognised at fair value, calculated based on the present value of the principal amount plus accrued coupon interest over the expected life of the 2016 Convertible Bond. In subsequent periods, the debt component is carried at amortised cost using the effective interest method. The effective interest rate of the debt component is 14.64% per annum. The derivative component is measured at fair values at the date of issue and in subsequent periods with changes in fair value recognised in profit or loss.

On 8 May 2018, the Company and Fame Select entered into an amendment agreement (the "**Amendment Agreement**") to extend the 2016 CB Maturity Date to 7 December 2020. The Amendment Agreement was passed by the ordinary resolution at the extraordinary general meeting of the Company held on 28 September 2018.

Due to the extension of the 2016 CB Maturity Date, the carrying amount of the debt component has been reduced from approximately HK$553,768,000 (equivalent to approximately RMB486,929,000) to approximately HK$469,683,000 (equivalent to approximately RMB412,993,000) on 28 September 2018 (i.e. date of extension) based on the present value of the principal amount plus accrued coupon interest from the extension date to 7 December 2020. The change in fair value of debt component of approximately HK$84,085,000 (equivalent to approximately RMB73,936,000) is recognised in profit or loss. The effective interest rate of the debt component is 8.01% per annum after extension.

On 8 November 2018, the Company received the conversion notice from Fame Select in respect of the exercise in part of the subscription rights attached to the 2016 Convertible Bond to convert an aggregate of HK$168,000,000 of the principal amount of the 2016 Convertible Bond into 646,153,846 ordinary shares at the conversion price of HK$0.26 per share.

Due to the conversion of partial 2016 Convertible Bond, the carrying amount of the debt component has been reduced from approximately HK$502,867,000 (equivalent to approximately RMB444,204,000) to approximately HK$334,867,000 (equivalent to approximately RMB295,803,000) and the carrying amount of the derivative financial instruments have been reduced from approximately HK$1,558,596,000 (equivalent to approximately RMB1,376,770,000) to approximately HK$1,099,220,000 (equivalent to approximately RMB970,985,000) on 8 November 2018 (i.e. date of partial conversion) based on the present value of the principal amount plus accrued coupon interest over the expected life of the remaining 2016 Convertible Bond after the conversion of Partial 2016 Convertible Bond. The change in carrying amount of the debt component of HK$168,000,000 (equivalent to approximately RMB148,401,000) and of the derivative financial instruments of approximately HK$459,376,000 (equivalent to approximately RMB405,785,000) are transferred to the equity.

The fair values of the derivative financial instruments of 2016 Convertible Bond as at 28 September 2018, 8 November 2018, 31 December 2018 and 31 December 2019 are determined by Grant Sherman Appraisal Limited, an independent and professionally qualified valuer not connected to the Group, based on the Binomial Option Pricing Model (the "**Binomial Model**").

2018 Convertible Bond

On 28 August 2018, the Company issued a convertible bond ("**2018 Convertible Bond**") with a principal amount of HK$297,000,000 (equivalent to approximately RMB257,475,000 at the issuance date) to Star Hope Limited and Better Linkage Limited for the acquisition of the entire equity interest of Star Admiral Limited.

The maturity date of the 2018 Convertible Bond is 28 August 2020 ("**2018 CB Maturity Date**") which is 2 years from the date of issue of the 2018 Convertible Bond. The 2018 Convertible Bond is not interest bearing and matures on 2018 CB Maturity Date at the principal amount. The 2018 Convertible Bond is convertible into shares of the Company at any time after the issuance up to the close of business on the 2018 CB Maturity Date at the conversion price of HK$0.90 per share, subject to anti-dilutive adjustments ("**2018 CB Conversion Option**"). The initial number of ordinary shares of the Company issuable upon conversion is 329,999,999 shares, which represent 5.20% of the total number of ordinary shares of the Company issued and outstanding as of the issue date of the 2018 Convertible Bond as enlarged by the conversion of the entire 2018 Convertible Bond.

The Company is entitled to an option to early redeem at any time before 2018 CB Maturity Date the whole or part of the principal outstanding amount of the 2018 Convertible Bond at principal amount.

The 2018 Convertible Bond contains a debt component and derivative component. The 2018 CB Conversion Option is classified as a derivative financial liability as it will be settled other than by an exchange of a fixed amount of cash for fixed number of the Company's own equity instruments on the basis that the 2018 Convertible Bond is denominated in HK$, a foreign currency of the Company.

The fair value of the 2018 Convertible Bond is approximately HK$471,123,000 (equivalent to approximately RMB408,426,000) on the initial recognition date. On initial recognition, the debt component was recognised at fair value, calculated based on the present value of the principal amount plus accrued coupon interest over the expected life of the 2018 Convertible Bond. In subsequent periods, the debt component is carried at amortised cost using the effective interest method. The effective interest rate of the debt component is 9.86% per annum. The derivative component is measured at fair values at the issuance date and in subsequent periods with changes in fair value recognised in profit or loss.

The fair values of the derivative financial instruments of 2018 Convertible Bond as at 28 August 2018, 31 December 2018 and 31 December 2019 are determined by Grant Sherman Appraisal Limited, an independent and professionally qualified valuer not connected to the Group, based on the Binomial Model.

The movements of the debt component of convertible bonds and derivative financial instruments are shown as follows:

	Debt component *RMB'000*	Derivative financial instruments *RMB'000*	Total *RMB'000*
2016 Convertible Bond			
At 1 January 2018 (Audited)	411,107	439,938	851,045
(Credit) charge to profit or loss, including adjustment on extension recognised in profit or loss	(73,936)	1,582,565	1,508,629
Exchange difference	24,159	147,618	171,777
Effective interest expenses *(note 5)*	51,663	–	51,663
At 28 September 2018 (date of extension)	412,993	2,170,121	2,583,114
Credit to profit or loss	–	(807,286)	(807,286)
Exchange difference	1,875	13,935	15,810
Effective interest expenses *(note 5)*	29,336	–	29,336
Partial conversion to shares during the year	(148,401)	(405,785)	(554,186)
At 8 November 2018 (date of partial conversion)	295,803	970,985	1,266,788
Charge to profit or loss	–	443,958	443,958
Exchange difference	(2,416)	(10,518)	(12,934)
Effective interest expenses *(note 5)*	4,121	–	4,121
At 31 December 2018 (Audited)	297,508	1,404,425	1,701,933
Charge to profit or loss	–	463,127	463,127
Exchange difference	7,165	39,730	46,895
Effective interest expenses *(note 5)*	28,335	–	28,335
At 31 December 2019 (Unaudited)	**333,008**	**1,907,282**	**2,240,290**
2018 Convertible Bond			
At 28 August 2018 (date of issuance)	206,611	201,815	408,426
Credit to profit or loss	–	(29,732)	(29,732)
Exchange difference	2,147	2,374	4,521
Effective interest expenses *(note 5)*	8,854	–	8,854
At 31 December 2018 (Audited)	217,612	174,457	392,069
Charge to profit or loss	–	59,504	59,504
Exchange difference	5,330	4,972	10,302
Effective interest expenses *(note 5)*	25,781	–	25,781
At 31 December 2019 (Unaudited)	**248,723**	**238,933**	**487,656**
Total			
At 31 December 2019 (Unaudited)	**581,731**	**2,146,215**	**2,727,946**
At 31 December 2018 (Audited)	515,120	1,578,882	2,094,002

(b) Put option

On 28 October 2019, the Group has entered into an agreement with Westside City Resorts World Inc. ("**Westside**") and Travellers International Hotel Group Inc. ("**Travellers**"), related companies of a non-controlling shareholder of Suntrust Home Developers, Inc. ("**SunTrust**"). Pursuant to the agreement, the Group is entitled, at its sole discretion, to exercise a put option in relation to its 51% equity interest of SunTrust with consideration of RMB151,548,000 plus interest of 3.5% per annum to Westside and Travellers upon event stated in the agreement.

The fair value of the derivative financial instrument of the put option as at 28 October 2019 and 31 December 2019 were approximately RMB1,741,000 (unaudited) and RMB2,619,000 (unaudited), respectively, which is determined by Grant Sherman Appraisal Limited, an independent and professionally qualified valuer not connected to the Group, based on the Binomial Model.

The movement of the fair value of the derivative financial instrument of the put option is shown as follows:

	RMB'000
	(Unaudited)
On 28 October 2019 (i.e. date of grant)	1,741
Credit to profit or loss	885
Exchange difference	(7)
At 31 December 2019	**2,619**

16. ACQUISITION OF SUBSIDIARIES

(a) Acquisition of MSRD Corporation Limited ("MSRD")

On 2 September 2019, the Group acquired 51% equity interest in MSRD at a consideration of US$9,588,000 (equivalent to approximately RMB68,631,000). At the date of acquisition, MSRD had a plot of freehold land located in Okinawa, Japan with no operating activities. The major asset of MSRD is the freehold land and the major liability is the shareholders' loans. This acquisition has been accounted for as an acquisition of assets and liabilities through acquisition of a subsidiary. The non-controlling interests arising from this acquisition have been accounted for as approximately RMB60,947,000 (unaudited) at the date of acquisition.

(b) Acquisition of SunTrust and deemed disposal of subsidiaries of SunTrust

On 28 October 2019, the Group acquired 1,147,500,000 ordinary shares, representing 51% equity interests, of SunTrust of which the shares are listed on The Philippine Stock Exchange, Inc., at a total consideration of approximately PHP1,100,569,000 (equivalent to approximately RMB151,548,000). SunTrust is engaged in property management and transportation services, which are carried out by its subsidiary, First Oceanic Property Management, Inc. ("**FOPM**") and FOPM's subsidiary (collectively referred as "**FOPM Group**").

On 10 December 2019, FOPM issued 150,000,000 new shares to a related company of a non-controlling shareholder of SunTrust and SunTrust's equity interest in FOPM was diluted from 100% to 24.27%. Accordingly, SunTrust lost control over FOPM which ceased to be a subsidiary of the Group from 10 December 2019 and became an associate of the Group and is accounted for using the equity method since then. The initial accounting of the investment in FOPM is not yet completed and the investment in an associate recognised in the consolidated financial statements for this deemed disposal has been determined provisionally.

17. CONTINGENT LIABILITIES

(a) As at 31 December 2019 and 2018, the Group provided guarantees to certain banks in respect of mortgage facilities granted in connection with the mortgage loans entered into by buyers of the Group's properties as follows:

	As at 31 December	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Guarantees given to banks for mortgage facilities granted to buyers	**990**	990

Pursuant to the terms of the guarantees contract, if there are any defaults on the mortgages, the Group is liable to the repayment of the outstanding mortgage principals together with the accrued interest and penalty payable by the defaulting buyers to banks. The Group is then entitled to take over the legal title and possession of the related properties. The guarantees shall be released upon the issue of the relevant buyer's property ownership certificate and in the custody of the banks.

The fair value of the guarantees at date of inception is not significant and is not recognised in the consolidated financial statements. The directors of the Company consider that no provision should be recognised at the end of each reporting period as the potential cash outflow related to the guarantee is not probable.

Bank balances of approximately RMB298,000 (unaudited) (31 December 2018: RMB297,000) have been pledged with the banks as guarantee deposits for the mortgage loan facilities granted by the banks to buyers of the Group's properties as at 31 December 2019.

(b) As at 31 December 2019, the Group was under several litigations in relation to the construction of the Group's properties under development in the PRC with several contractors, who are independent third parties to the Group. Based on the legal opinion from the PRC lawyer, it is not probable that the Group will be liable to these litigations.

18. EVENTS AFTER THE REPORTING PERIOD

The following events took place subsequent to the end of the reporting period:

(a) In January 2020, an indirect wholly owned subsidiary of the Group entered into a loan agreement with Gold Yield Enterprises Limited ("**GYE**"), the joint venture of the Group. Pursuant to which the Group has advanced the loan of US$17,022,500 (equivalent to approximately RMB118,753,000) to GYE for investment and development of the project in Vietnam. Further details of the loan agreement with GYE were disclosed in the announcement of the Company dated 7 January 2020.

(b) In January 2020, the Group and Westside (as defined in note 15(b)) entered into the second supplemental agreement to amend the payment terms of the co-development agreement (the agreement between SunTrust and Westside dated 28 October 2019, the "**Co-Development Agreement**"), pursuant to which, the Group has paid US$20,000,000 (equivalent to approximately RMB139,525,000) on 31 January 2020 to Westside as the refundable deposit for the right of use of the project site in the Philippines. Further details of the second supplemental agreement of the Co-Development Agreement were disclosed in the announcement of the Company dated 20 January 2020.

(c) In January 2020, a wholly owned subsidiary of the Group completed the acquisition of an aircraft for US$9,000,000 (equivalent to approximately RMB62,786,000), of which US$8,850,000 (equivalent to approximately RMB61,739,000) will be financed by a bank loan and remaining portion will be settled by internal funding of the Group. The aircraft will be classified as property, plant and equipment of the Group.

(d) In February 2020, a non-wholly owned subsidiary of the Group entered into a lease agreement to lease a project site for development of a main hotel casino in the Philippines. Pursuant to the lease agreement, the Group will pay annual rental of US$10,600,000, exclusive of the applicable value added tax, commencing from the latter of the first day of commencement of the hotel and casino establishment erected or to be erected at the parcels of land located at Manila Bayshore Integrated City in Paranaque City, the Philippines. Further details of the lease agreement were disclosed in the announcement of the Company dated 24 February 2020 and the circular of the Company dated 26 March 2020.

(e) In March 2020, an indirect wholly owned subsidiary of the Group entered into a loan agreement with GYE, the joint venture of the Group. Pursuant to which the Group shall advance the loan of US$17,022,500 (equivalent to approximately RMB118,753,000) to GYE for investment and development of the project in Vietnam. Further details of the loan agreement with GYE were disclosed in the announcement of the Company dated 6 March 2020.

(f) The outbreak of COVID-19 in the PRC, Hong Kong, Macau, Russia and South-east Asian countries and the subsequent quarantine measures and travel restrictions imposed by the respective local government as well as the travel restrictions imposed by other countries in early 2020 have a negative impact on the operations of the Group and the Group's associates and joint venture, as most of the Group's revenue are derived from the PRC, the Philippines and Macau and the Group's associates and joint venture are operating in Russia and Vietnam. The directors of the Company would need to re-assess the key accounting estimates including but not limited to impairment on property, plant and equipment, investment properties, investments in associates and joint venture.

Due to the inherent nature and unpredictability of future development and market sentiment, the actual financial impacts could be different depending on future development of the outbreak, government policies and measures in response to the outbreak. The actual financial impact, if any, will be reflected in the Group's 2020 consolidated financial statements.

The directors of the Company consider that the financial effects on the Group's consolidated financial statements cannot be reasonably estimated as at the date these financial statements are authorised for issue.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group recorded a loss for the year attributable to owners of the Company of RMB1,484.3 million in 2019 that represents a slight increase as compared to the loss for the year attributable to owners of the Company of RMB1,458.5 million in 2018.

The loss for the year attributable to owners of the Company in 2019 was mainly attributable to (i) the loss of approximately RMB521.7 million in respect of the change in fair value of derivative financial instruments; (ii) impairment on interest in an associate of RMB197.7 million; (iii) the loss on deemed disposal of subsidiaries of approximately RMB152.0 million; (iv) the loss of approximately RMB112.8 million in respect of the change in fair value of the investment properties; (v) the share of loss of a joint venture of approximately RMB82.2 million; and (vi) the loss on deemed partial disposal of equity interest of an associate of approximately RMB60.4 million.

Revenue: Revenue was derived from (i) property development, (ii) property leasing, (iii) provision of hotel and integrated resort general consultancy services, (iv) provision of travel related products and services, and (v) other revenue. Revenue for the year under review was approximately RMB611.8 million, decreased by approximately RMB180.8 million when compared to approximately RMB792.6 million for last year. The decrease was mainly attributable to the decrease in revenue from the property development segment.

i) **Property development** – The Group delivered residential units in the aggregate Gross Floor Area ("**GFA**") of approximately 621 m^2 (2018: 2,981 m^2), including high-rise building units of approximately 621 m^2 (2018: 1,475 m^2), luxury high-rise building units of nil m^2 (2018: 279 m^2) and villa of nil m^2 (2018: 1,227 m^2). As a result of the decrease in sale of GFA, revenue for 2019 decreased by approximately RMB158.5 million to approximately RMB18.9 million.

ii) **Property leasing** – The revenue represented rental income and property management services income from the leasing of Gang Long City Shopping Centre. It recorded a decrease from RMB52.6 million for the year ended 31 December 2018 to approximately RMB44.8 million for the year under review resulting from the continual decrease in occupancy rate from 67% to 60%.

iii) **Hotel and integrated resort general consultancy services** – Hotel and integrated resort general consultancy services commenced since the second half of 2017 and the Group entered into technical service agreements with integrated resorts in Vietnam and Cambodia, revenue for the year under review was approximately RMB14.5 million (2018: RMB19.8 million).

iv) **Travel related products and services** – Revenue mainly represented the sale of hotel accommodation products and travel agency service income, the decrease in revenue for 2019 was mainly attributable to the slight decline in demand of hotel accommodation products in the fourth quarter of 2019 as compared to last year.

v) **Other revenue** – Other revenue mainly represented the provision of property management services and transportation services in the Philippines which was attributable to Suntrust Home Developers, Inc. ("**SunTrust**"), a company listed on The Philippine Stock Exchange Inc., and its subsidiaries, collectively referred as the "**SunTrust Group**" acquired by the Group in the fourth quarter of 2019.

Other income, gains and losses: The decrease in other income, gains and losses during the year under review was mainly due to (i) the decrease of net exchange loss of approximately RMB94.7 million (2018: net exchange loss of approximately RMB181.0 million) which was primarily due to the translation of convertible bonds, derivative financial instruments, loans from a related company and promissory notes; and (ii) no further maintenance costs incurred (2018: RMB32.8 million) due to a landslide accident in 2018.

Selling and distribution expenses: Selling and distribution expenses remained stable in 2018 and 2019, which comprised mainly salaries and benefits of sales and marketing staff, advertising and promotion expenses.

Administrative expenses: The increase in administrative expenses in current year was mainly attributable to the increase in share-based compensation benefits and the increase in administrative expenses in relation to SunTrust Group, which was acquired in the fourth quarter of 2019.

Change in fair value of investment properties: It referred to the change in market value of Gang Long City Shopping Centre located in Shenzhen, the People's Republic of China (the "**PRC**"). The fair values of the investment properties as at 31 December 2019 were assessed by an independent valuer. The decrease in 2019 was mainly due to the prevailing market conditions.

Change in fair value of financial assets at fair value through profit or loss: Prior to the Summit Ascent Acquisition (as defined below), the Group held certain number of shares of Summit Ascent Holdings Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (stock code: 102) ("**Summit Ascent**") and was classified as financial assets at fair value through profit or loss. The Group further acquired approximately 24.68% of the issued share capital of Summit Ascent at the consideration of HK$717,812,540 on 23 April 2019 (the "**Summit Ascent Acquisition**"). Upon the completion of Summit Ascent Acquisition, the interest of the Group in Summit Ascent increased from approximately 3.29% to approximately 27.97%, those shares held were reclassified as investment in an associate and the gain was recognised upon such reclassification.

Gain on disposal of subsidiaries: The Group disposed of its equity interest in Sun Metro Real Estate Company Limited, which indirectly held 90% attributable interest in its property development project at Fushun, Liaoning Province, the PRC, at the consideration of RMB20,000,000 (equivalent to approximately HK$23,000,000).

Loss on deemed partial disposal of equity interest of an associate: During the year under review, due to (i) the exercise of outstanding share options of Summit Ascent subsequent to the Summit Ascent Acquisition and (ii) the further acquisition of 1.8% issued shares of Summit Ascent by the Group, the equity interest in Summit Ascent held by the Group was diluted from 29.77% to 29.68%. In addition, Summit Ascent issued 300,000,000 new shares to not less than six independent third parties at HK$1.01 each on 19 August 2019. Upon the completion of the issuance of shares, the equity interest of Summit Ascent held by the Group was further diluted from 29.68% to 24.74%, a loss on deemed partial disposal of equity interest of an associate of approximately RMB60,442,000 was recognised during the year under review.

Loss on deemed disposal of subsidiaries: On 28 October 2019, the Group acquired 51% equity interest of SunTrust (the "**SunTrust Acquisition**"). Upon the completion of SunTrust Acquisition, SunTrust became a 51% owned subsidiary of the Group. SunTrust engaged in property management and transportation services, which are carried out by its subsidiary, First Oceanic Property Management, Inc. ("**FOPM**") and its subsidiary, which are companies incorporated in the Philippines (FOPM, and its subsidiary collectively referred as the "**FOPM Group**").

On 10 December 2019, FOPM issued 150,000,000 new shares to a related company of a non-controlling shareholder of SunTrust at PHP1.0 each (the "**FOPM Shares Subscription**"). Immediately following the completion of FOPM Shares Subscription, FOPM Group ceased as subsidiaries of the Group and FOPM became 24.27% owned by the Group that constituted a deemed disposal of subsidiaries. The assets and liabilities and goodwill of approximately RMB115.4 million arising from the SunTrust Acquisition were derecognised from Group's consolidated financial statements since then and the retained interest in FOPM was recognised as investment in an associate. Accordingly, a loss on deemed disposal of subsidiaries of approximately RMB152.0 million was recorded.

Impairment on interest in an associate: For the year ended 31 December 2019, the Group performed impairment review on the investment in an associate, Summit Ascent. As the recoverable amount was less than the carrying amount, the Group has recognised an impairment on interest in an associate of approximately RMB197.7 million by reference to the valuation carried out by an independent professional valuer accordingly.

Change in fair value of a convertible bond: The Company issued a convertible bond in the principal amount of HK$570.0 million (equivalent to approximately RMB505.1 million) to Fame Select Limited, the major shareholder of the Company in 2016 ("**2016 Convertible Bond**"). During the year ended 31 December 2018, the maturity date of the 2016 Convertible Bond was extended to 7 December 2020 and this resulted in a change in fair value of a convertible bond of RMB73.9 million.

Change in fair value of derivative financial instruments: It mainly represented the loss on change in fair value of derivative components carried in the 2016 Convertible Bond and the 2018 Convertible Bond offset against the gain on change in fair value of derivative instrument asset in relation of put option during the year ended 31 December 2019. The fair value of the derivative financial instruments as at 31 December 2019 was assessed by an independent valuer.

Provision for litigation: As stated in note 14 to the consolidated financial statements, the Group was involved in a litigation in relation to the Individual Claim (as defined in note 14 to the consolidated financial statements). During the year ended 31 December 2019, the Group has made provision of approximately RMB27,800,000 for potential liability of the litigation.

Reversal of provisions for potential claims: The provisions for potential claims represented the potential refunds of deposits and compensation to the buyers of the properties held for sale in relation to breaches of terms stipulated in the sales and purchase agreement entered into between the Group and the buyers. Followed by the formal release of the seizure of properties by the court in 2018, no further reversal of provisions for potential claims was recognised during the year (2018: reversal of provisions of RMB19.5 million).

Share of profit (loss) of associates: The Group recognised the share of profit of associates of approximately RMB5.6 million for the year ended 31 December 2019 (for the year ended 31 December 2018: share of loss of RMB1.0 million), which represented the share of profit or loss of Summit Ascent, FOPM Group and an associate which was incorporated in November 2017 during 2019.

Upon the completion of Summit Ascent Acquisition on 23 April 2019, the interest of the Group in Summit Ascent was classified as an associate of the Group. Since then, the share of profit or loss and other comprehensive income or expense of Summit Ascent was recognised in the Group's consolidated financial statements. As at 31 December 2019, the Group held approximately 24.74% equity interest in Summit Ascent.

Upon completion of the FOPM Shares Subscription on 10 December 2019, FOPM Group ceased as subsidiaries of the Group and FOPM became 24.27% owned by the Group, the retained interest in FOPM was recognised as investment in an associate, the share of profit and other comprehensive income or expense of the FOPM Group for the period from 10 December 2019 to 31 December 2019 was recognised in the Group's consolidated financial statements.

Share of loss of a joint venture: The amount represented the share of loss of the Group's joint venture which was acquired through the acquisition of the entire equity interest and shareholder's loan owed by Star Admiral Limited ("**Star Admiral**") in the second half of 2018. The principal assets of Star Admiral is approximately 34% equity interest in the integrated resort development project located in Hoi An South, Quang Nam Province, Vietnam (the "**Hoiana Project**"). Since the Hoiana Project is still under construction phase, it was in loss making position during the year under review.

Finance costs: Finance costs mainly comprised (i) interests on interest-bearing bank and other borrowings, (ii) effective interest expense on convertible bonds, (iii) interests and imputed interest expense on promissory note and loans from a related company, (iv) interest on lease liabilities and (v) interest on loans from non-controlling shareholders. The increase in finance cost in 2019 was mainly attributable to the increase in other borrowings, the promissory notes issued in the second half of 2018 and the loans from a related company drawn since the second half of 2018.

Income tax expenses: Income tax expenses comprise current tax, land appreciation tax ("**LAT**") and deferred taxation, the decrease in 2019 was mainly due to the decreases in current tax and LAT offset by recognition of deferred tax.

SEGMENT ANALYSIS

In 2019, (i) property development revenue; (ii) property leasing revenue; (iii) hotel and integrated resort general consultancy services income; (iv) travel related products and services income; and (v) other segment accounted for approximately 3.09% (2018: 22.38%), 7.31% (2018: 6.64%), 2.36% (2018: 2.50%), 85.90% (2018: 68.48%) and 1.34% (2018: nil%) of the total revenue respectively.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

Bank balances and cash, pledged bank deposits and restricted bank deposits, in aggregate, as at 31 December 2019 amounted to approximately RMB289.0 million (31 December 2018: RMB103.1 million).

The Group had total bank and other borrowings of approximately RMB859.4 million as at 31 December 2019 (31 December 2018: RMB685.3 million) of which approximately RMB373.4 million were repayable on demand or within one year; approximately RMB231.0 million were repayable in the second year; approximately RMB90.0 million were repayable in the third to fifth year, inclusive; and the remaining RMB165.0 million were repayable after the fifth year. The Group's borrowings carried interest at fixed or floating interest rates.

The Group issued a HK$ denominated promissory note ("**2016 Promissory Note**") of principal amount HK$5.6 million (equivalent to approximately RMB4.7 million at date of issuance) to a director. The carrying amount of the 2016 Promissory Note at 31 December 2019 was RMB5.0 million (31 December 2018: RMB4.9 million) which is unsecured, non-interest bearing and repayable on 31 August 2020. The Group issued a HK$ denominated promissory note ("**2018 Promissory Note**") of principal amount HK$303.0 million (equivalent to approximately RMB262.7 million at date of issuance) to a related company. The carrying amount of the 2018 Promissory Note at 31 December 2019 was RMB256.0 million (31 December 2018: RMB229.0 million) and it is unsecured, interest bearing at 2% per annum and repayable after two years from the date of issuance. The Group had loans from a related company of approximately RMB729.6 million as at 31 December 2019 (31 December 2018: RMB164.5 million). The amounts are unsecured, interest bearing at 3.5% and repayable after 60 months from the effective date of the loan agreements. The Group had loans from non-controlling shareholders of approximately RMB84.8 million as at 31 December 2019 (31 December 2018: Nil), which are secured by parcels of land, interest bearing at 2.4% and repayable on 21 July 2020.

As at 31 December 2019, the aggregate unconditional loan facilities with principal amount of up to HK$3,650 million (equivalent to approximately of RMB3,270 million) have been granted by a related company to the Group, of which approximately HK$1,428 million (equivalent to approximately of RMB1,279 million) have been drawn down and the unutilised principal amount of the facilities is approximately HK$2,222 million (equivalent to approximately of RMB1,991 million).

The Group's total bank and other borrowings, promissory notes, loans from a related company and loans from non-controlling shareholders divided by total assets as at 31 December 2019 was approximately 47.0% (31 December 2018: 31.4%).

The Group had convertible bonds and derivative financial instruments liabilities of approximately RMB581.7 million (31 December 2018: RMB515.1 million) and RMB2,146.2 million (31 December 2018: RMB1,578.9 million), respectively. The total of convertible bonds and derivative financial instruments divided by total assets as at 31 December 2019 was 66.2% (31 December 2018: 60.6%).

As at 31 December 2019, the Group had current assets of approximately RMB949.3 million (31 December 2018: RMB828.2 million) and current liabilities of approximately RMB4,231.6 million (31 December 2018: RMB2,799.0 million).

CHARGE ON ASSETS

As at 31 December 2019, bank and other borrowings of approximately RMB581.4 million (31 December 2018: RMB598.2 million) were secured by certain investment properties, inventories and pledged bank deposits of the Group of approximately RMB1,601.4 million (31 December 2018: RMB1,714.2 million), RMB172.1 million (31 December 2018: RMB172.1 million) and RMB0.006 million (31 December 2018: RMB0.006 million) respectively.

As at 31 December 2019, pledged bank deposits of approximately RMB11.8 million (31 December 2018: RMB7.1 million) were pledged for the license and suppliers in relation to Sun Travel Ltd. and STL Passenger Transport Company Limited, indirect wholly-owned subsidiaries of the Company.

As at 31 December 2019, pledged bank deposits of approximately RMB0.3 million (31 December 2018: RMB0.3 million) have been pledged with the banks as guarantee deposits for the mortgage loan facilities granted to the buyers of the Group's properties.

As at 31 December 2019, loans from non-controlling shareholders of approximately RMB84.8 million (31 December 2018: nil) were secured by certain property, plant and equipment of the Group of approximately RMB297.5 million (31 December 2018: nil).

As at 31 December 2019, the indirect equity interest of approximately 34% in Hoi An South Development Limited ("**HASD**") were pledged to a bank for the banking facilities granted to HASD.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The functional currency of the Company and the presentation currency of the consolidated financial statements of the Company are in Renminbi. The income and expenses, assets and liabilities, interests in associates and interest in a joint venture of the Company and its subsidiaries which denominated in currencies other than the functional currency are converted into Renminbi for financial reporting purpose. Fluctuations in exchange rates may have an impact on the Group's financial position and results. The Group monitors the exposure to fluctuations in exchange rates and takes appropriate measures to mitigate and manage the risk on a timely and effective manner. The Group did not engage in any derivative activities and did not commit to any financial instruments to hedge its statement of financial position exposure to fluctuations in exchange rates as at 31 December 2019.

CONTINGENT LIABILITIES

For the details of contingent liabilities, please refer to the note 17.

TREASURY POLICIES AND CAPITAL STRUCTURE

The Group adopts a prudent approach with respect to treasury and funding policies, with a focus on risk management and transactions that are directly related to the underlying business of the Group.

EMPLOYEES

As at 31 December 2019, the Group had a staff force of approximately 152 (as at 31 December 2018: 141) employees. Of this, most were stationed in the PRC. The remuneration of employees was in line with the market trend and commensurable to the level of pay in the industry. Remuneration of the Group's employees includes basic salaries, bonuses and long-term incentives (such as share option scheme). Total staff costs, including directors, incurred for the year 2019 was approximately RMB74.8 million (2018: RMB53.6 million).

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2019 (2018: nil).

BUSINESS REVIEW

During the year ended 31 December 2019, the Group continued to engage in (i) property development in the PRC; (ii) property leasing in the PRC, (iii) provision of hotel and integrated resort general consultancy services in Vietnam and Cambodia; (iv) provision of travel related products and services; and (v) other segment.

Property development

As at 31 December 2019, the Group had two property development projects in the PRC, namely Le Paysage in Shenzhen, Guangdong Province and the Landale located at Chaohu, Anhui Province.

Le Paysage

Le Paysage is in the boarder land of Luohu district and Longgang district of Shenzhen, on the hillside of the east side of Qingping expressway and Fengyi mountain tunnel. Le Paysage consists of premier villas, residential units and retail shops with total saleable GFA of approximately 96,953 m^2. The Group has commenced to deliver Le Paysage to buyers since the third quarter of 2014 and has already sold approximately 86% of the total saleable area of Le Paysage as at 31 December 2019.

Landale

The Landale is currently suspended due to the change in policy regarding the rules of scenic area in the PRC. During the year ended 31 December 2019, the Group received a notice from Chaohu Government that in accordance with the relevant laws and rules of scenic area in the PRC, the Chaohu Government intends to reclaim the land use rights in respect of the Landale project of total land area of approximately 183.54 Chinese Mu (equivalent to approximately 122,360 m^2) owned by the Group's subsidiary with appropriate compensation to be paid to the Group's subsidiary, which is yet to be determined. Details of which are disclosed in the announcement of the Company dated 12 April 2019.

Apart from the PRC, the Group has been exploring opportunities in other Asian countries such as Vietnam, Korea, Japan, the Philippines and Myanmar.

Property leasing

The property leasing business is principally engaged in the leasing of a portion of Hong Long Plaza in Shenzhen, namely Gang Long City Shopping Centre. The shopping centre has a leasable area of 64,397 square meters and the occupancy rate for the year ended 31 December 2019 was 60% (2018: 67%).

Hotel and integrated resort general consultancy services

The Group commenced the provision in hotel and integrated general consultancy services in 2017 and several agreements have been signed with integrated resorts in Vietnam and Cambodia. As the integrated resorts are still under construction and the construction of the Hoiana Project will be completed in Q2 of 2020 onwards, the Group believes the performance of this segment will improve in the coming years.

Travel related products and services

The Group commenced the provision of hotel accommodation products, transportation tickets and travel related products in Macau since 2016. In addition to the traditional point-of-sale channels, the Group launched a mobile application to facilitate the sale of travel related products.

According to the information published by the Statistics and Census Service of the Macau SAR Government, the number of visitor arrivals exceeded 39.4 million in 2019, up by 10.1% year-on-year. The average occupancy rate of hotels and guesthouses for the year ended 31 December 2019 decreased by 0.3% year-on-year to 90.8%, with 5-star hotels at 92.2%, a decrease of 0.2% year-on-year. The average length of stay of guests held steady year-on-year at 1.5 nights.

Since 2018, the Group has extended its travel products to Vietnam and Turkey, we aim to enrich our products to cover more Asian countries in the near future.

Other revenue

The other revenue recognised in 2019 was attributable to the operations of FOPM Group from the date of the SunTrust Acquisition up to 10 December 2019. On 10 December 2019, upon the completion of FOPM Shares Subscription, SunTrust's equity interest in FOPM was diluted from 100% to 24.27%. Accordingly, FOPM Group ceased to be subsidiaries of the Group as from 10 December 2019 and FOPM became an associate of the Group, no more other revenue was recognised in the Group's consolidated financial statements since then.

Investment in integrated resorts and hotel projects

(i) The Hoiana Project

On 28 August 2018, the Group completed the acquisition of the entire equity interest and shareholder's loan owed by Star Admiral. Star Admiral held approximately 34% indirect equity interest in the Hoiana Project. The Hoiana Project is expected to comprise of seven phases to be developed over a span of thirteen years on a site of approximately 985.5 hectares. Phase 1 is currently under development and is expected to be completed in the second quarter of 2020 and it will include more than 1,000 hotel rooms, a casino with 140 gaming tables and over 300 slot machines, as well as a golf course.

(ii) The TIGRE DE CRISTAL

As at 31 December 2019, the Group held approximately 24.74% equity interest of Summit Ascent. Summit Ascent held 60% of the issued share capital of an integrated resort named "TIGRE DE CRISTAL" in Russian Far East. Phase 1 of TIGRE DE CRISTAL has commenced operation since 2015 and is comprised of gaming area with daily average of 22 VIP gaming tables, 27 mass gaming tables, 336 slot machines and a 121 rooms 5-star hotel with F&B and retail outlets. Phase 2 of TIGRE DE CRISTAL is under reviewed and is finalizing conceptual designs. It is targeting an opening of in 2022. This new integrated resort is expected to double the VIP and mass gaming tables, slots, and have at least twice the lodging capacity of the first property. The plans include four restaurants and bars, additional retail offerings, and an indoor beach club and spa.

(iii) Hotel development project in Japan

As at 31 December 2019, the Group also owns 51% of the issued share capital of MSRD, which held a plot of land with a total site area 108,799 sq.m. located on Miyako Island, Okinawa, Japan. Subject to the final development plan to be approved by the Group, MSRD intends to build 40 villas with pool and a hotel of more than 100 rooms on the land. As at 31 December 2019, the hotel project is currently under planning stage.

(iv) Co-Development of Westside City Project at Entertainment City

Pursuant to the co-development agreement entered into between SunTrust and Westside City Resorts World Inc. on 28 October 2019 (the "**Co-Development Agreement**") with the principal terms set out in the Co-Development Agreement, an operations and management/ services agreement will be entered into for the appointment of SunTrust as the sole and exclusive operator and manager to operate and manage the main hotel casino ("**O&M Agreement**"). The main hotel casino comprises of (a) the 5-star hotel with at least four hundred (400) rooms, the standard room size of which shall not be less than 34 sq.m.; (b) casino establishment with approximately four hundred (400) gaming tables and one thousand two hundred (1,200) slot machines for both mass and VIP markets; and (c) Nine hundred sixty (960) car parking slots for the 5-star hotel and casino establishment erected or to be erected at the Westside City Project at the Entertainment City, Manila, the Philippines ("**Main Hotel Casino**"). The investment in SunTrust marked the first step towards establishing the Group's footprint in the casino and entertainment market of the Philippines and allowing the Group to tap into this growing market as well as providing synergies to the overall tourism-related business of the Group in the South East Asia region. Further details of the Co-Development of Westside City Project at Entertainment City were disclosed in the announcement of the Company dated 29 October 2019, 25 November 2019 and 20 January 2020 and the circular of the Company dated 26 March 2020.

REVIEW AND OUTLOOK

The Group recorded a loss attributable to owners of the Company of RMB1,484.3 million for the year ended 31 December 2019 (for the year ended 31 December 2018: RMB1,458.5 million). In 2019, the Group reported a slight increase of loss attributable to owners of the Company by 1.8% as compared to 2018. This was primarily resulted from the decrease in loss of change in fair value of derivative financial instruments offset against the recognition of the loss on deemed disposal of subsidiaries, the recognition of impairment on interest in an associate, the recognition of loss on deemed partial disposal of equity interest in an associate, the increase in loss of change in fair value of investment properties, and the increase in share of loss of a joint venture. During the year, the Group recorded a decline in total revenue from RMB792.6 million to RMB611.8 million when compared to 2018, representing a 22.8% decrease. Gross profit also decreased by 57.8% to RMB99.9 million. These were mainly attributable to the decrease in revenue from sale of properties of the Group.

Outside the Greater China, in addition to the entering several technical service and casino management agreements in Vietnam and Cambodia in 2018, we are also delighted to report that the Group has successfully acquired a joint venture which primarily holds approximately 34% equity interest in the Hoiana Project in 2018. Phase 1 of the Hoiana Project is currently under development and is expected to be completed in the second quarter of 2020. It will include more than 1,000 hotel rooms, a casino with 140 gaming tables and over 300 slot machines as well as a 18-hole golf course.

For business segment of travel related products and services, improving infrastructure such as the Hong Kong-Zhuhai-Macau Bridge, the Light Rail Transit and improved connectivity with Chinese cities set as the foundation for a further surge in demand for travel & hotels within the Greater Bay Area. Although short-term uncertainties such as the US-China trade war, RMB fluctuations and the COVID-19 pandemic, the Group remains confident towards the improved visitation outlook in the Greater Bay Area.

In 2019, the Group continually invested in fast growing countries in Asia. The GDP in Vietnam grew by 6.5% year-on-year to US$261.6 billion in 2019. Vietnam has delivered extraordinary visitation growth in 2019, visitation numbers increased by 16.2% year-on-year to 18 million visitors. In particular, the area of Danang and Hoi An served as a hub for international tourism as quality tourism products such as five-star hotel rooms, long pristine beaches, UNESCO World Heritage sites and newly built tourist attractions, are now made available. On the other hand, GDP in the Philippines grew by 5.7% year-on-year to US$356.8 billion in 2019. The overall gross gaming revenue in the Philippines grew by 15.4% year-on-year to PHP216.4 billion (US$4.3 billion) in 2019, making the Philippines one of the best performing gaming jurisdictions in Asia.

As at 31 December 2019, the Group held approximately 24.74% equity interest of Summit Ascent which held 60% of the issued share capital of an integrated resort named "TIGRE DE CRISTAL" in Russian Far East, the Group is currently working on the renovation of TIGRE DE CRISTAL Phase 1 and the majority of the project enhancements are expected to be completed in the first half of 2020. In addition, the Phase 2 of TIGRE DE CRISTAL is being designed and is targeting an opening in 2022.

For the Westside City Project, piling works are being conducted on the construction site and we are now working on the architectural design for the Main Hotel Casino, located at the Entertainment City, Manila, the Philippines. Development is expected to commence in the second quarter of 2020 after handover of the construction site under the Co-Development Agreement and the Main Hotel Casino is expected to commence operation prior to 2023.

The Group will continue to diversify its businesses to tourism-related business in Asian countries and grasp opportunities on the provision for hotel and integrated resort general consultancy services. During 2019, the Group signed a non-legal binding memorandum of understanding with Paradise Co., Ltd. ("**Paradise**") on a possible co-operation on Paradise's casino in Busan, Korea, and we believe the cooperation can enable both parties to create a synergy and develop our own strengths, resources and expertise.

The Group aims to build an integrated tourism and entertainment related platform with equity investments in integrated resorts as well as a tourism-related service provider to integrated resorts within the Asian region.

The Group's business strategies will continue in tourism-related and entertainment business in Asian countries. The Group is dedicated to bring greater value to the Shareholders in the long run.

SOCIAL RESPONSIBILITY

The Group is committed to bear its social responsibility and contribute to the weak and poor. The employees of the Group have actively participated in various charity activities involving cultural education, disaster relief, environmental protection, health and hygiene, as well as public transportation of the municipal. The Group will continue to promote our corporate culture of dedicating sincerity and love to the community internally, and bear our related social responsibility.

REVIEW OF UNAUDITED ANNUAL RESULTS

The auditing process for the annual results for the year ended 31 December 2019 has not been completed due to restrictions in force in the PRC and the Philippines to combat the COVID-19 coronavirus outbreak. The unaudited results contained herein have not been agreed by the Company's auditors. An announcement relating to the audited results will be made when the auditing process has been completed in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (if necessary). The unaudited annual results contained herein have been reviewed by the audit committee of the Company (the "**Audit Committee**").

A potential audit opinion with Emphasis of Matter paragraph arising from material uncertainty related to going concern on the Company's financial statements may be issued subject to the completion of the audit and/or the development of the Group's business and the financial resources available to the Group.

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

During the year, neither the Company nor any of its subsidiaries had purchased, sold, or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain high standard of corporate governance standards and procedures to safeguard the interests of all shareholders and to enhance accountability and transparency. The Company has complied with the code on corporate governance practices (the "**Code**") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") during the year ended 31 December 2019 except the following deviations:

Under code provision A.2.1 of the Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive should be clearly established and set out in writing. Following the resignation of Ms. Yeung So Lai as an executive Director and the chief executive officer of the Company (the "**Chief Executive Officer**") on 31 March 2017, the Company has not appointed an individual to take up the vacancy of the Chief Executive Officer, and the roles and functions of the Chief Executive Officer have been performed by all the executive Directors collectively.

Under code provision D.1.4 of the Code, the Company should have formal letters of appointment for Directors setting out the key terms and conditions of their appointment. The Company did not have formal letters of appointment for Mr. Chau Cheok Wa ("**Mr. Chau**"), Mr. Lo Kai Bong, Mr. Au Chung On John and Mr. Manuel Assis Da Silva, executive Directors of the Company. However, Mr. Chau, Mr. Lo Kai Bong, Mr. Au Chung On John and Mr. Manuel Assis Da Silva are subject to retirement by rotation at least once in every three years in accordance with the Company's articles of association.

Under code provision E.1.2 of the Code, the chairman of the Board should attend the annual general meeting of the Company and invite the chairman of the committees to attend. However, due to his other business commitment, Mr. Chau, the chairman of the Board, did not attend the annual general meeting held on 14 June 2019.

Under code provision A.6.7 of the Code, independent non-executive Directors and other non-executive Directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. Dr. Wu Kam Fun Roderick, the chairman of nomination committee of the Company and an independent non-executive Director, did not attend the annual general meeting held on 14 June 2019. Mr. Lo Wai Tung John, the chairman of remuneration committee of the Company and an independent non-executive Director, did not attend the extraordinary general meeting held on 20 December 2019. However, executive Director(s) were present to enable the Board to develop a balanced understanding of the views of shareholders.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions of Directors and employees (the "**Securities Code**") no less exacting than the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules. On specific enquiries made, all Directors have confirmed that they have complied with the required standard as set out in the Model Code throughout the year ended 31 December 2019.

Employees who are likely to be in possession of unpublished price sensitive information of the Company are also subject to compliance with the Securities Code.

AUDIT COMMITTEE

The Company has an Audit Committee which was established in accordance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process, risk management and internal control systems. The consolidated results of the Group for the year ended 31 December 2019 have been reviewed by the Audit Committee. The Audit Committee comprises three members namely Mr. Tou Kin Chuen (Chairman), Dr. Wu Kam Fun Roderick and Mr. Lo Wai Tung John. All of them are independent non-executive Directors.

PUBLICATION OF THE ANNUAL RESULTS AND 2019 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.suncitygroup.com.hk). The Company's 2019 annual report containing all the information required under the Listing Rules will be dispatched to the shareholders of the Company and will be published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board
Suncity Group Holdings Limited
Chau Cheok Wa
Chairman

Hong Kong, 27 March 2020

As at the date of this announcement, the executive Directors are Mr. Chau Cheok Wa, Mr. Lo Kai Bong, Mr. Au Chung On John and Mr. Manuel Assis Da Silva; and the independent non-executive Directors are Mr. Tou Kin Chuen, Dr. Wu Kam Fun Roderick and Mr. Lo Wai Tung John.