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**CHINA TIANBAO GROUP DEVELOPMENT COMPANY LIMITED**  
**中國天保集團發展有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1427)**

**ANNUAL RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**AND**  
**CHANGE OF PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

**FINANCIAL HIGHLIGHTS**

	<b>For the year ended December 31</b>	
	<b>2019</b>	<b>2018</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Revenue	<b>2,660,037</b>	1,601,739
Gross Profit	<b>682,420</b>	189,924
Profit for the year	<b>317,710</b>	108,207
	<b>RMB</b>	<b>RMB</b>
Basic and diluted earnings per share	<b>2.2</b>	N/A

**FINAL DIVIDEND**

The Board did not recommend the payment of a final dividend for the year ended December 31, 2019.

**ANNUAL RESULTS**

The board (the “**Board**”) of directors (the “**Directors**”) of China Tianbao Group Development Company Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “**Group**” or “**we**”) for the year ended December 31, 2019 (the “**Reporting Period**” or “**year**”) prepared under the International Financial Reporting Standards (the “**IFRSs**”), together with comparative figures for the year ended December 31, 2018, as follows:

# **CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*For the year ended December 31, 2019*

	Notes	2019 RMB'000	2018 RMB'000
<b>CONTINUING OPERATIONS</b>			
<b>REVENUE</b>	4	<b>2,660,037</b>	1,601,739
Cost of sales		<u>(1,977,617)</u>	<u>(1,411,815)</u>
<b>GROSS PROFIT</b>		<b>682,420</b>	189,924
Other income and gains	4	<b>13,786</b>	16,920
Selling and distribution expenses		<b>(3,220)</b>	(5,629)
Administrative expenses		<b>(78,038)</b>	(42,522)
(Impairment losses)/reversal of impairment losses			
on financial and contract assets, net		<b>(24,274)</b>	10,625
Fair value gain on investment properties		<b>4,700</b>	19,400
Fair value loss at financial assets through profit or loss		<b>(910)</b>	–
Other expenses		<b>(2,673)</b>	(1,998)
Finance costs		<u><b>(21,788)</b></u>	<u>(5,050)</u>
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>	5	<b>570,003</b>	181,670
Income tax expense	6	<u><b>(252,231)</b></u>	<u>(72,036)</u>
<b>PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</b>		<b>317,772</b>	109,634
<b>DISCONTINUED OPERATIONS</b>			
Loss for the year from discontinued operations	7	<u><b>(62)</b></u>	<u>(1,427)</u>
<b>PROFIT FOR THE YEAR</b>		<u><b>317,710</b></u>	<u>108,207</u>
Attributable to:			
Owners of the parent		<u><b>317,710</b></u>	<u>108,207</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
	9		
Basic and diluted			
– For profit for the year		<u><b>2.2</b></u>	<u>N/A</u>
– For profit from continuing operations		<u><b>2.2</b></u>	<u>N/A</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME***For the year ended December 31, 2019*

	<b>2019</b> <b>RMB'000</b>	<b>2018</b> <b>RMB'000</b>
<b>PROFIT FOR THE YEAR</b>	<b>317,710</b>	<b>108,207</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Exchange differences:		
Exchange differences on translation of foreign operations	<b>1,085</b>	—
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	<b>7,000</b>	2,564
Income tax effect	<b>(1,750)</b>	(641)
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>	<b>5,250</b>	<b>1,923</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>324,045</b>	<b>110,130</b>
Attributable to:		
Owners of the parent	<b>324,045</b>	<b>110,130</b>

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*At December 31, 2019*

		<b>2019</b>	<b>2018</b>
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>218,978</b>	164,314
Investment properties		<b>141,100</b>	136,400
Prepaid land lease payments		<b>–</b>	33,597
Right-of-use assets		<b>12,662</b>	–
Other intangible assets		<b>1,788</b>	814
Equity investments designated at fair value through other comprehensive income		<b>143,000</b>	136,391
Financial assets at fair value through profit or loss		<b>184,655</b>	–
Deferred tax assets		<b>69,136</b>	15,601
<b>TOTAL NON-CURRENT ASSETS</b>		<b>771,319</b>	487,117
<b>CURRENT ASSETS</b>			
Inventories		<b>16</b>	719
Trade receivables	10	<b>408,999</b>	321,440
Contract assets		<b>1,221,868</b>	785,045
Properties under development		<b>2,437,886</b>	2,594,931
Completed properties held for sale		<b>340,122</b>	54,120
Prepayments, other receivables and other assets		<b>475,000</b>	1,805,275
Tax recoverable		<b>15,074</b>	82,841
Pledged deposits		<b>130,417</b>	120,598
Cash and cash equivalents		<b>321,909</b>	98,833
		<b>5,351,291</b>	5,863,802
Assets of a disposal group classified as held for sale	7	<b>–</b>	7,944
<b>TOTAL CURRENT ASSETS</b>		<b>5,351,291</b>	5,871,746

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)***At December 31, 2019*

	<i>Note</i>	<b>2019</b> <b>RMB'000</b>	2018 <i>RMB'000</i>
<b>CURRENT LIABILITIES</b>			
Trade payables	<i>11</i>	<b>1,701,274</b>	1,098,162
Other payables and accruals		<b>2,194,094</b>	2,512,649
Interest-bearing bank borrowings		<b>619,000</b>	469,000
Lease liabilities		<b>1,004</b>	–
Tax payable		<b>349,489</b>	128,170
		<b>4,864,861</b>	4,207,981
Liabilities directly associated with the assets classified as held for sale	<i>7</i>	–	6,303
<b>TOTAL CURRENT LIABILITIES</b>		<b>4,864,861</b>	4,214,284
<b>NET CURRENT ASSETS</b>		<b>486,430</b>	1,657,462
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,257,749</b>	2,144,579
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank borrowings		<b>170,000</b>	445,000
Lease liabilities		<b>963</b>	–
Deferred tax liabilities		–	20,658
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>170,963</b>	465,658
<b>NET ASSETS</b>		<b>1,086,786</b>	1,678,921
<b>EQUITY</b>			
Equity attributable to owners of the parent			
Share capital		<b>7,281</b>	–
Reserves		<b>1,079,505</b>	1,678,921
<b>TOTAL EQUITY</b>		<b>1,086,786</b>	1,678,921

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019

## 1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The principal place of business in Hong Kong of the Company was located at 40th Floor, Sunlight Tower No. 248 Queen's Road East, Wanchai, Hong Kong. With effect from March 24, 2020, the principal place of business in Hong Kong was changed to Unit 3326, 33/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Group is mainly engaged in (i) provision of construction contracting and (ii) property development and others.

In the opinion of the Directors, the holding company and the ultimate holding company of the Company is Jixiang International Industrial Company Limited, which is incorporated in British Virgin Islands.

## 2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with IFRSs issued by the International Accounting Standards Board, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, equity investments which have been measured at fair value. These consolidated financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

Except for the amendments to IFRS 9, IAS 19 and IAS 28, and Annual Improvements to IFRSs 2015-2017 Cycle, which are not relevant to the preparation of the Group's consolidated financial statements, the nature and the impact of the new and revised IFRSs are described below:

IFRIC-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 (often referred to as "**uncertain tax positions**"). The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Group's tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any impact on the financial position or performance of the Group.

## 2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

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

Amendments to IFRS 3	<i>Definition of a Business</i> <sup>1</sup>
Amendments to IFRS 9, IAS 39 and IFRS 7	<i>Interest Rate Benchmark Reform</i> <sup>1</sup>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>3</sup>
IFRS 17	<i>Insurance Contracts</i> <sup>2</sup>
Amendments to IAS 1 and IAS 8	<i>Definition of Material</i> <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after January 1, 2020

<sup>2</sup> Effective for annual periods beginning on or after January 1, 2021

<sup>3</sup> No mandatory effective date yet determined but available for adoption

Further information about those IFRSs that are expected to be applicable to the Group is as follows:

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

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

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

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

### 3. OPERATING SEGMENT INFORMATION

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

- (a) Construction contracting – this segment engages in the provision of services relating to construction as a general contractor for building construction projects, infrastructure construction projects and property investment; and
- (b) Property development and others – this segment engages in the sale of properties and the provision of services relating to properties.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of profit before tax from continuing operations.

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

<b>Year ended December 31, 2019</b>	<b>Construction contracting RMB'000</b>	<b>Property development and others RMB'000</b>	<b>Total RMB'000</b>
<b>Segments revenue (note 4):</b>			
Sales to external customers	1,365,498	1,294,539	2,660,037
Intersegment sales	540,606	–	540,606
<b>Total revenue</b>	<b>1,906,104</b>	<b>1,294,539</b>	<b>3,200,643</b>
<i>Reconciliation:</i>			
Eliminations of intersegment sales – continuing operations			(540,606)
Revenue from continuing operations			<u>2,660,037</u>
<b>Segments results</b>	<b>30,974</b>	<b>540,950</b>	<b>571,924</b>
<i>Reconciliation:</i>			
Eliminations of intersegment results – continuing operations			(1,921)
Profit before tax from continuing operations			<u>570,003</u>
<b>Segments assets</b>	<b>4,708,750</b>	<b>8,935,920</b>	<b>13,644,670</b>
<i>Reconciliation:</i>			
Eliminations of intersegment receivables			(7,530,415)
Total assets			<u>6,114,255</u>
<b>Segments liabilities</b>	<b>3,509,968</b>	<b>6,585,863</b>	<b>10,095,831</b>
<i>Reconciliation:</i>			
Eliminations of intersegment payables			(5,068,362)
Total liabilities			<u>5,027,469</u>
<b>Other segments information:</b>			
Depreciation and amortisation	1,223	4,531	5,754
Impairment losses recognised/(reversed) in the consolidated statements of profit or loss, net	25,525	(1,251)	24,274
Capital expenditure*	1,538	59,335	60,873



<b>Year ended December 31, 2018</b>	Construction contracting RMB'000	Property development and others RMB'000	Total RMB'000
<b>Segments revenue (note 4):</b>			
Sales to external customers	1,201,480	400,259	1,601,739
Intersegment sales	450,364	–	450,364
Total revenue	1,651,844	400,259	2,052,103
<i>Reconciliation:</i>			
Eliminations of intersegment sales – continuing operations			(450,364)
Revenue from continuing operations			1,601,739
<b>Segments results</b>	77,479	132,544	210,023
<i>Reconciliation:</i>			
Eliminations of intersegment results – continuing operations			(28,353)
Profit before tax from continuing operations			181,670
<b>Segments assets</b>	3,594,542	6,335,463	9,930,005
<i>Reconciliation:</i>			
Eliminations of intersegment receivables			(3,579,086)
Assets related to discontinued operations			7,944
Total assets			6,358,863
<b>Segments liabilities</b>	2,415,399	5,650,791	8,066,190
<i>Reconciliation:</i>			
Eliminations of intersegment payables			(3,392,551)
Liabilities related to discontinued operations			6,303
Total liabilities			4,679,942
<b>Other segments information:</b>			
Depreciation and amortisation	492	5,975	6,467
Impairment losses recognised/(reversed) in the consolidated statements of profit or loss, net	(11,908)	1,283	(10,625)
Capital expenditure*	1,819	24,434	26,253

\* Capital expenditure consists of additions to property, plant and equipment, investment properties and intangible assets.

## Geographical information

### (a) Revenue from external customers

The Group has derived substantially all of its revenue in the PRC, and hence, geographical segments information is not considered necessary.

### (b) Non-current assets

	As at December 31	
	2019	2018
	RMB'000	RMB'000
Hong Kong	1,964	–
Mainland China	372,564	335,125
	<u>374,528</u>	<u>335,125</u>

The non-current asset information of continuing operations above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

## Information about major customers

Revenue from continuing operations of approximately RMB380,787,000 (2018: Nil) was derived from sales by the industrial products segment to a single customer, including sales to a group of entities which are known to be under common control with that customer.

## 4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gains is as follows:

	Year ended December 31	
	2019	2018
	RMB'000	RMB'000
Revenue from contracts with customers	2,650,169	1,593,189
Revenue from other sources		
Gross rental income from investment property operating leases:		
Other lease payments, including fixed payments	<u>9,868</u>	<u>8,550</u>
	<u>2,660,037</u>	<u>1,601,739</u>

**Revenue from contracts with customers**

**(a) Disaggregated revenue information**

**For the year ended December 31, 2019**

	<b>Construction contracting RMB'000</b>	<b>Property development RMB'000</b>	<b>Total RMB'000</b>
<b>Type of goods or services</b>			
Construction contracting	1,365,498	–	1,365,498
Property development	–	1,284,671	1,284,671
Total revenue from contracts with customers	<u>1,365,498</u>	<u>1,284,671</u>	<u>2,650,169</u>
<b>Geographical markets</b>			
Mainland China	<u>1,365,498</u>	<u>1,284,671</u>	<u>2,650,169</u>
<b>Timing of revenue recognition</b>			
Goods transferred at a point in time	–	1,284,671	1,284,671
Services transferred over time	1,365,498	–	1,365,498
Total revenue from contracts with customers	<u>1,365,498</u>	<u>1,284,671</u>	<u>2,650,169</u>

**For the year ended December 31, 2018**

	<b>Construction contracting RMB'000</b>	<b>Property development RMB'000</b>	<b>Total RMB'000</b>
<b>Type of goods or services</b>			
Construction contracting	1,201,480	–	1,201,480
Property development	–	391,709	391,709
Total revenue from contracts with customers	<u>1,201,480</u>	<u>391,709</u>	<u>1,593,189</u>
<b>Geographical markets</b>			
Mainland China	<u>1,201,480</u>	<u>391,709</u>	<u>1,593,189</u>
<b>Timing of revenue recognition</b>			
Goods transferred at a point in time	–	391,709	391,709
Services transferred over time	1,201,480	–	1,201,480
Total revenue from contracts with customers	<u>1,201,480</u>	<u>391,709</u>	<u>1,593,189</u>

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

**For the year ended December 31, 2019**

<b>Segments</b>	<b>Construction contracting RMB'000</b>	<b>Property development RMB'000</b>	<b>Total RMB'000</b>
<b>Revenue from contracts with customers</b>			
External customers	1,365,498	1,284,671	2,650,169
Intersegment sales	540,606	—	540,606
	<u>1,906,104</u>	<u>1,284,671</u>	<u>3,190,775</u>
Intersegment eliminations	(540,606)	—	(540,606)
	<u>(540,606)</u>	<u>—</u>	<u>(540,606)</u>
Total revenue from contracts with customers	<u>1,365,498</u>	<u>1,284,671</u>	<u>2,650,169</u>

**For the year ended December 31, 2018**

<b>Segments</b>	<b>Construction contracting RMB'000</b>	<b>Property development RMB'000</b>	<b>Total RMB'000</b>
<b>Revenue from contracts with customers</b>			
External customers	1,201,480	391,709	1,593,189
Intersegment sales	450,364	—	450,364
	<u>1,651,844</u>	<u>391,709</u>	<u>2,043,553</u>
Intersegment eliminations	(450,364)	—	(450,364)
	<u>(450,364)</u>	<u>—</u>	<u>(450,364)</u>
Total revenue from contracts with customers	<u>1,201,480</u>	<u>391,709</u>	<u>1,593,189</u>

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

	<b>2019 RMB'000</b>	<b>2018 RMB'000</b>
Revenue recognised that was included in contract liabilities at the beginning of the Reporting Period:		
Construction contracting	79,281	50,141
Property development	774,765	354,487
	<u>854,046</u>	<u>404,628</u>

**(b) Performance obligations**

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

*Construction contracting*

The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 days from the date of billing. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

*Property development*

The performance obligation is satisfied when the customer obtains the physical possession or the legal title of the completed property and the Group has a present right to payment and the collection of the consideration is probable.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at December 31, 2019 and December 31, 2018 are as follows:

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Amounts expected to be recognised as revenue:		
Within one year	2,647,117	2,150,371
After one year	1,005,027	1,211,787
	<u>3,652,144</u>	<u>3,362,158</u>

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to construction services, of which the performance obligations are to be satisfied within five years while related to property services are to be satisfied within two years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

		Year ended December 31	
		2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
	Note		
<b>Other income</b>			
Bank interest income		992	2,798
Dividend income from equity investments designated at fair value through other comprehensive income		10,845	13,270
		<u>11,837</u>	<u>16,068</u>
<b>Gains</b>			
Gain on disposal of subsidiaries	12	1,534	490
Others		415	362
		<u>1,949</u>	<u>852</u>
		<u>13,786</u>	<u>16,920</u>

**5. PROFIT BEFORE TAX FROM CONTINUING OPERATIONS**

	<b>Year ended December 31</b>	
	<b>2019</b>	<b>2018</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Cost of construction contracting	<b>1,292,724</b>	1,132,758
Cost of properties development and others	<b>684,893</b>	279,057
Depreciation of property, plant and equipment	<b>5,029</b>	5,178
Depreciation of right-of-use assets (2018: amortisation of land lease payments)	<b>578</b>	1,263
Amortisation of other intangible assets	<b>147</b>	26
Minimum lease payments under operating leases	<b>65</b>	209
Lease payments not included in the measurement of lease liabilities	<b>93</b>	–
Auditor's remuneration	<b>1,600</b>	996
Employee benefit expenses (including directors' remuneration):		
– Wages, salaries and allowances	<b>19,222</b>	14,497
– Social insurance	<b>4,819</b>	3,650
– Welfare and other expenses	<b>673</b>	2,337
	<b>24,714</b>	20,484
Impairment losses/(reversal of impairment losses) of trade receivables, net	<b>13,604</b>	(10,648)
Impairment losses of contract assets, net	<b>11,835</b>	647
Reversal of impairment losses of financial assets included in prepayments, other receivables and other assets, net	<b>(1,165)</b>	(624)
	<b>24,274</b>	(10,625)
Changes in fair value of investment properties	<b>(4,700)</b>	(19,400)
Dividend income from equity investments designated at fair value through other comprehensive income	<b>(10,845)</b>	(13,270)
Bank interest income	<b>(992)</b>	(2,798)
(Gain)/loss on disposal of items of property, plant and equipment	<b>(8)</b>	430

## 6. INCOME TAX EXPENSE

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

Subsidiaries of the Group operating in Mainland China were subject to the PRC corporate income tax rate of 25% in accordance with the Corporation Income Tax Law of the PRC during the year.

Certain subsidiaries of the Group were subject to the PRC corporate income tax of Mainland China at a tax rate of 25% on a deemed profit basis which represents 8% of construction contracting segment's revenue in accordance with the authorised tax valuation method approved by the local tax bureau pursuant to the applicable PRC tax regulations during the Reporting Period. From January 1, 2019, certain of these subsidiaries, are no longer applicable to the authorised tax valuation method and consequently are subject to the income tax rate of 25% based on assessable profits.

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

Certain subsidiaries with properties sold were subject to LAT which is calculated based on 5% of property revenue in accordance with the authorised taxation method approved by the respective local tax bureaus.

	<b>Year ended December 31</b>	
	<b>2019</b>	2018
	<b>RMB'000</b>	<b>RMB'000</b>
Current income tax	<b>184,850</b>	68,618
PRC LAT	<b>143,476</b>	15,249
Deferred income tax	<b>(76,095)</b>	(11,831)
Total tax charge for the year from continuing operations	<b>252,231</b>	72,036
Total tax charge for the year from discontinued operations ( <i>note 7</i> )	<b>–</b>	105
	<b>252,231</b>	72,141

## 7. DISCONTINUED OPERATIONS

In 2018, the Group dispose of the entire interests in certain subsidiaries (the “Disposal Group”) to the related parties and third parties in order to delineate other businesses operated by the Group from its principal businesses. As at December 31, 2018, the Disposal Group was classified as a disposal group held for sale and as discontinued operations. With the Disposal Group being classified as discontinued operations, the related businesses are no longer included in the note for operating segment information. The disposals of the Disposal Group were completed in 2019.

The results of the Disposal Group for each of the year are presented below:

	Year ended December 31	
	2019	2018
	RMB'000	RMB'000
REVENUE	339	4,383
Cost of sales	(321)	(3,187)
Other income and gains	–	13
Administrative expenses	(87)	(2,547)
Reversal of impairment losses on financial assets and contract assets, net	7	16
Loss before tax from the discontinued operations	(62)	(1,322)
Income tax expense (note 6)	–	(105)
Loss for the year from the discontinued operations	(62)	(1,427)

The major classes of assets and liabilities of the Disposal Group classified as held for sale as at December 31, 2018 are as follows:

	RMB'000
<b>Assets</b>	
Property, plant and equipment	56
Other intangible assets	7
Trade receivables	1,384
Contract assets	140
Prepayments, other receivables and other assets	3,913
Cash and cash equivalents	2,444
Assets of a disposal group classified as held for sale	7,944
<b>Liabilities</b>	
Trade payables	(2,389)
Other payables and accruals	(3,829)
Tax payable	(85)
Liabilities directly associated with the assets classified as held for sale	(6,303)
Net assets directly associated with the disposal group	1,641



The net cash flows incurred by the Disposal Group are as below:

	<b>Year ended December 31</b>	
	<b>2019</b>	<b>2018</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Operating activities	(778)	(3,791)
Investing activities	–	(24)
Financing activities	(1,666)	70
	<u>          </u>	<u>          </u>
Net cash outflow	<u><b>(2,444)</b></u>	<u><b>(3,745)</b></u>

## 8. DIVIDEND

No dividend was declared or paid by the Company since its date of incorporation.

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

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 144,680,000 (2018: Not applicable) in issue during the year, as adjusted to reflect the rights issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the year ended December 31, 2019.

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

	<b>Year ended December 31</b>	
	<b>2019</b>	<b>2018</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:		
From continuing operations	317,772	109,634
From discontinued operations	(62)	(1,427)
	<u>          </u>	<u>          </u>
Profit attributable to ordinary equity holders of the parent	<u><b>317,710</b></u>	<u><b>108,207</b></u>
	<b>Number of shares</b>	
	<b>2019</b>	<b>2018</b>
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	<u><b>144,680,000</b></u>	<u><b>–</b></u>

# 10. TRADE RECEIVABLES

	<b>As at December 31</b>	
	<b>2019</b>	2018
	<b>RMB'000</b>	<b>RMB'000</b>
Trade receivables	<b>433,148</b>	331,985
Provision for impairment	<b>(24,149)</b>	(10,545)
	<b>408,999</b>	321,440

Trade receivables mainly represented receivables from construction contracting. The payment terms of contract work receivables are stipulated in the relevant contracts. The Group's trading terms with its customers are mainly on credit. The credit period offered by the Group is three to six months, except for retention receivable as detailed below. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest bearing.

At the end of the Reporting Period, the due settlements of the Group's retention receivables are as follows:

	<b>As at December 31</b>	
	<b>2019</b>	2018
	<b>RMB'000</b>	<b>RMB'000</b>
Retentions included in trade receivables	<b>6,730</b>	5,325
Provision for impairment	<b>(770)</b>	(282)
Retentions included in trade receivables, net	<b>5,960</b>	5,043

An ageing analysis of the Group's trade receivables excluding retentions at the end of the Reporting Period based on the invoice date and before provision as follows:

Trade receivables without retention receivables

	<b>As at December 31</b>	
	<b>2019</b>	2018
	<b>RMB'000</b>	<b>RMB'000</b>
Within 1 year	<b>330,389</b>	285,284
1 year to 2 years	<b>64,311</b>	12,211
2 years to 3 years	<b>8,187</b>	28,878
Over 3 years	<b>23,531</b>	287
	<b>426,418</b>	326,660

Retention receivables included in trade receivables represented the Group's unconditional right to receive upon completion of the warranty period of 1 to 5 years.

An ageing analysis of the trade receivables at the end of the Reporting Period, based on the invoice date and before net of loss allowance is as follows:

	<b>As at December 31</b>	
	<b>2019</b>	<b>2018</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Within 1 year	332,995	287,792
1 year to 2 years	65,834	15,028
2 years to 3 years	10,788	28,878
Over 3 years	23,531	287
	<u>433,148</u>	<u>331,985</u>

The movements in the loss allowance for impairment of trade receivables are as follows:

	<b>2019</b>	<b>2018</b>
	<b>RMB'000</b>	<b>RMB'000</b>
At beginning of year	10,545	21,193
Impairment losses, net	<u>13,604</u>	<u>(10,648)</u>
At end of year	<u>24,149</u>	<u>10,545</u>

#### 11. TRADE PAYABLES

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

	<b>As at December 31</b>	
	<b>2019</b>	<b>2018</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Within 6 months	863,373	568,677
6 months to 1 year	203,163	166,327
1 to 2 years	441,787	259,868
2 to 3 years	132,216	43,417
Over 3 years	60,735	59,873
	<u>1,701,274</u>	<u>1,098,162</u>

Trade payables are non-interest-bearing and are normally settled based on the progress of construction.

## 12. DISPOSALS OF SUBSIDIARIES

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Net assets disposed of:		
Property, plant and equipment	56	–
Intangible assets	7	–
Cash and bank balances	1,675	18
Trade receivables	2,163	100
Contract assets	36	–
Prepayments, deposits and other receivables	67,807	2,959
Trade payables	(2,465)	(2,496)
Other payables and accruals	(10,990)	–
Tax payable	(82)	–
Non-controlling interests	–	(271)
	<hr/>	<hr/>
	58,207	310
Gain on disposal of subsidiaries	1,534	490
	<hr/>	<hr/>
	<b>59,741</b>	800
	<hr/> <hr/>	<hr/> <hr/>
Satisfied by:		
Other receivables	–	800
Cash	59,741	–
	<hr/>	<hr/>
	<b>59,741</b>	800
	<hr/> <hr/>	<hr/> <hr/>

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Cash consideration	60,541	–
Cash and cash equivalents disposed of	(1,675)	(18)
	<hr/>	<hr/>
Net inflow/(outflow) of cash and cash equivalents in respect of the disposal of subsidiaries	<b>58,866</b>	(18)
	<hr/> <hr/>	<hr/> <hr/>

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group is a property developer and construction company based in Zhuozhou, a city in Hebei Province, the PRC. The Group engages in a wide range of property development activities, such as planning and design, construction, property sales, investment and operations.

The Group principally engages in the following businesses:

- Property development business. As a property developer, the Group focuses primarily on the development and sales of residential properties, and leasing and operation of an investment property.
- Construction contracting business. The Group provides construction contracting services mainly as a general contractor for building construction projects, infrastructure construction projects, and industrial and commercial construction projects.

### (I) Review for 2019

Since 2019, “residential properties are for living” has been the main focus of policy-driven regulation in the property market. Local governments set the primary responsibility of their respective cities, and continuously optimise relevant policies based on the actual market condition to facilitate the stable and healthy development of the property market.

Faced with the ever changing market environment and the intensifying competition in the industry, the Group adhered to the expansion strategy of “construction first and property development to follow”, and continuously improved the synergies between property development business and construction contracting business to enable the Group to develop a diverse project portfolio and improve the business structure.

As of December 31, 2019, the Group had a diverse portfolio of 19 property projects consisting of 17 residential properties, one investment property and one hotel, which are all owned and developed by the Group. Among the 19 property projects, 6 projects are located in Zhuozhou and the remaining 13 projects are located in Zhangjiakou. As of December 31, 2019, the Group had land reserves with a total gross floor area (“GFA”) of approximately 1,606,812.8 square meters (“sq.m.”), including (i) completed properties with a total unsold saleable GFA of approximately 196,611.3 sq.m. and a rentable GFA held for property investment of approximately 44,336.1 sq.m., accounting for approximately 15.0% of the Group’s total land reserves; (ii) properties under development with a total planned GFA of approximately 614,978.1 sq.m., accounting for approximately 38.3% of the Group’s total land reserves; and (iii) properties held for future development with a total planned GFA of approximately 750,887.3 sq.m., accounting for approximately 46.7% of the Group’s total land reserves. The Group’s acquired land reserves are mainly located in Zhuozhou and Zhangjiakou which have high development potential.

The Group has been engaged in construction contracting business since 1998. As of December 31, 2019, the Group completed 972 construction projects, mostly as a general contractor, for building, infrastructure and industrial and commercial construction projects such as steel structure and preservation of antiquities and historical buildings. As of December 31, 2019, the Group’s aggregate backlog of construction projects was approximately RMB3,656 million.

## (II) Business Review

The following table sets forth the breakdown of the Group's revenue by business segment for the years indicated:

Segment	Year ended December 31			
	2019		2018	
	Revenue RMB'000	Percentage of total revenue (%)	Revenue RMB'000	Percentage of total revenue (%)
Property development business*	1,294,539	48.7	400,259	25.0
Construction contracting business	1,365,498	51.3	1,201,480	75.0
Total	2,660,037	100.0	1,601,739	100.0

\* This includes rental income of approximately RMB9.9 million and RMB8.6 million for the years ended December 31, 2019 and 2018, respectively.

### (i) Property Development Business

The Group's property development business operations consist of the development and sales of residential properties, and leasing and operation of an investment property. The revenue is derived from sales of residential properties and rental income from investment property.

The table below sets forth a breakdown of the revenue from property development business by business line and nature of income for the years indicated:

		Year ended December 31			
		2019		2018	
Business line	Nature of income	Revenue	Percentage of	Revenue	Percentage of
		RMB'000	revenue (%)	RMB'000	revenue (%)
Property development sales	Sales of residential properties	1,284,671	99.2	391,709	97.9
Commercial property investment and operations	Rental income	9,868	0.8	8,550	2.1
Total		1,294,539	100.0	400,259	100.0

The following table sets forth a breakdown of the Group's revenue recognised from sales of properties, the aggregate GFA delivered, and the recognised average selling price ("ASP") per sq.m. by property project for the years indicated:

	Year ended December 31					
	2019			2018		
	GFA delivered sq.m.	Total revenue RMB'000	Recognised ASP (RMB/sq.m.)	GFA delivered sq.m.	Total revenue RMB'000	Recognised ASP (RMB/sq.m.)
<b>Zhuozhou</b>						
Tianma Jingyuan (天馬景苑)	88	950	10,800	52	142	2,731
Laojixiao Teachers Apartment (勞技校教師公寓)	-	-	-	3,194	16,467	5,156
Tianhe Penghua (田合鵬華)	-	-	-	91	494	5,429
Tianbao Green City (天保綠城)	38,680	439,112	11,352	-	-	-
Tianbao Lingyun City (天保凌雲城)	48,019	388,489	8,090	-	-	-
<b>Zhangjiakou</b>						
Tianbao New City Phase I (天保新城一期)	287	1,332	4,640	1,136	5,136	4,521
Tianbao New City Phase II (天保新城二期)	1,444	11,336	7,850	108,706	369,470	3,399
Tianbao New City Phase III (天保新城三期)	89,455	443,452	4,957	-	-	-
Total/Overall	<u>177,973</u>	<u>1,284,671</u>	<u>7,218</u>	<u>113,179</u>	<u>391,709</u>	<u>3,461</u>

As of December 31, 2019, the Group had a diverse portfolio of 19 projects consisting of 17 residential properties, one investment property and one hotel. Out of these 19 projects, 8 were completed projects, 5 were projects under development and 6 were projects held for future development.

### Land Reserves

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

Regions	Completed		Under development	Future development	Total land reserves	Percentage of total land reserves by geographical location
	Unsold saleable GFA (sq.m.)	Rentable GFA held for property investment (sq.m.)	Planned GFA under development (sq.m.)	Planned GFA (sq.m.)	Total GFA (sq.m.)	
Zhuozhou	58,064.8	44,336.1	48,665.5	–	151,066.4	9.4
Zhangjiakou	138,546.5	–	566,312.6	750,887.3	1,455,746.4	90.6
Total	<u>196,611.3</u>	<u>44,336.1</u>	<u>614,978.1</u>	<u>750,887.3</u>	<u>1,606,812.8</u>	<u>100.0</u>

### Commercial Property Investment and Operations

The Group owns and operates the Baoxin International Building, which the Group developed for long-term investment purposes. The Group holds this property for capital appreciation and rental income. For the year ended December 31, 2019, the Group's rental income from investment property operating leases amounted to approximately RMB9.9 million (2018: approximately RMB8.6 million).

The Baoxin International Building is an office building located in Zhuozhou, Hebei Province. The Group commenced the commercial operation of the Baoxin International Building in 2016 and has been achieving stable rental income.

### A Hotel

Haiziwa Hotel (海子窪酒店) is a project under development. As of December 31, 2019, the Group had not commenced operations at Haiziwa Hotel and was in the process of obtaining necessary permits for the project. Conveniently located near Nasutu (那蘇圖) resort in Zhangjiakou, Hebei Province, Haiziwa Hotel will occupy a total site area of approximately 52,237.0 sq.m. and is expected to have an aggregate GFA of approximately 57,460.7 sq.m. Haiziwa Hotel is wholly owned by the Group and the Group plans to recruit a well-known hotel operator to manage the property.



**(ii) Construction Contracting Business**

The Group generates majority of its revenue from construction contracting business. For the year ended December 31, 2019, the Group generated a majority of its construction contracting revenue from construction projects located in Beijing-Tianjin-Hebei region, mainly in Hebei Province. The Group's construction projects in other geographical locations were mainly located in Beijing, Sichuan, Anhui and Zhejiang Provinces.

The following table sets forth the breakdown of revenue from the Group's construction contracting business by geographical locations for the years indicated:

Regions	Year ended December 31			
	2019	Percentage of revenue (%)	2018	Percentage of revenue (%)
	Revenue RMB'000		Revenue RMB'000	
Beijing-Tianjin-Hebei region	930,044	68.1	1,116,594	92.9
Other regions	435,454	31.9	84,886	7.1
	<u>1,365,498</u>	<u>100.0</u>	<u>1,201,480</u>	<u>100.0</u>

As of December 31, 2019, the Group completed 972 construction projects. The Group undertook most of such construction projects as a general contractor. As a general contractor, the Group performs all major aspects of the construction project, including building construction, foundation works, curtain wall construction, building decoration and fireproofing projects. The Group is also responsible for engaging subcontractors to provide construction services and the labor force for the construction project, coordinating the work of all parties, providing the major equipment and machinery, procuring raw materials and ensuring that the construction project remains on schedule. The Group believes undertaking construction projects as a general contractor reflects its overall capabilities and is significant to the Group's continued success. Having obtained the Premium Class Certificate in 2017, the Group is, and expect to continue to be able to, undertake larger-scale building construction projects with increased complexity and higher returns nationwide, as well as charge a premium rate for the Group's services.

In addition to construction contracting as a general contractor, the Group also undertakes specialised construction projects directly subcontracted by other general contractors or project owners, such as renovation and decoration, steel structure construction and curtain wall construction projects.

### *Project Types*

The Group's construction contracting business mainly comprises (i) building construction and (ii) industrial, commercial and infrastructure construction. The following table sets forth the breakdown of revenue generated from the Group's construction contracting business by project type for the years indicated:

<b>Project type</b>	<b>Year ended December 31</b>			
	<b>2019</b>		<b>2018</b>	
	<b>Revenue</b>	<b>Percentage</b>	<b>Revenue</b>	<b>Percentage</b>
	<b><i>RMB'000</i></b>	<b><i>of revenue</i></b>	<b><i>RMB'000</i></b>	<b><i>of revenue</i></b>
		<b><i>(%)</i></b>		<b><i>(%)</i></b>
Building construction	<b>866,154</b>	<b>63.4</b>	723,300	60.2
Industrial, commercial and infrastructure construction	<b>499,344</b>	<b>36.6</b>	478,180	39.8
Total	<b><u>1,365,498</u></b>	<b><u>100.0</u></b>	<b><u>1,201,480</u></b>	<b><u>100.0</u></b>

The Group provides construction work of buildings and corresponding building services for building constructions projects. Building construction customers are primarily property developers and local government entities.

In addition to building construction, which has been the Group's core business, the Group also provides construction contracting services for municipal and public infrastructure projects. The Group's infrastructure construction projects primarily consist of urban roads, bridges, facilities for water supply and treatment, urban pipelines, city squares and street lighting. The Group's infrastructure construction customers are primarily local government entities.

The Group is also undertaking industrial and commercial construction contracting projects. These projects mainly include steel structure, landscaping for gardens, industrial construction and preservation of antiquities and historical buildings. The Group's industrial and commercial construction customers are enterprises in diverse industries.

## Backlog and New Contract Value

### Backlog

Backlog refers to an estimate of the contract value of work that remains to be completed as of a certain date. The contract value represents the amount that the Groups expects to receive under the terms of the contract, assuming the contract is performed in accordance with its terms.

The following table sets forth the outstanding contract value of projects in the backlog by geographical locations as of the end of the Reporting Period:

Regions	As of December 31			
	2019		2018	
	Contract	Percentage of	Contract	Percentage of
	value	total contract	value	total contract
	<i>RMB million</i>	<i>(%)</i>	<i>RMB million</i>	<i>(%)</i>
Beijing-Tianjin-Hebei region	2,295.1	62.8	1,673.9	97.8
Other regions	1,361.2	37.2	38.2	2.2
	<u>3,656.3</u>	<u>100.0</u>	<u>1,712.1</u>	<u>100.0</u>

The following table sets forth the outstanding contract value of projects in the backlog by project types as of the end of the Reporting Period:

Project types	As of December 31			
	2019		2018	
	Contract	Percentage of	Contract	Percentage of
	value	total contract	value	total contract
	<i>RMB million</i>	<i>(%)</i>	<i>RMB million</i>	<i>(%)</i>
Building construction	3,102.0	84.8	1,307.6	76.4
Industrial, commercial and infrastructure construction	554.3	15.2	404.5	23.6
	<u>3,656.3</u>	<u>100.0</u>	<u>1,712.1</u>	<u>100.0</u>

## New Contract Value

New contract value represents the aggregate value of contracts entered into by the Group during the year 2019. The contract value is the amount that the Group expects to receive under the terms of the contract if the contract is performed by the Group in accordance with its terms.

The following table sets forth the aggregate value of new contracts entered into by the Group by geographical locations for the years indicated:

Regions	Year ended December 31			
	2019		2018	
	Contract	Percentage of	Contract	Percentage of
	value	total contract	value	total contract
	RMB million	value (%)	RMB million	value (%)
Beijing-Tianjin-Hebei region	1,632.5	47.6	1,889.8	95.9
Other regions	1,798.6	52.4	80.0	4.1
	<u>3,431.1</u>	<u>100.0</u>	<u>1,969.8</u>	<u>100.0</u>

The following table sets forth the aggregate value of new contracts entered into by the Group project types for the years indicated:

Project types	Year ended December 31			
	2019		2018	
	Contract	Percentage of	Contract	Percentage of
	value	total contract	value	total contract
	RMB million	value (%)	RMB million	value (%)
Building construction	2,752.2	80.2	1,384.6	70.3
Industrial, commercial and infrastructure construction	678.9	19.8	585.2	29.7
	<u>3,431.1</u>	<u>100.0</u>	<u>1,969.8</u>	<u>100.0</u>

After obtaining the Premium Class Certificate in 2017, the Group has been involving in larger-scale building construction projects with increased complexity and higher returns nationwide, the value of the new contracts entered by the Group amounted to RMB3,431.1 million for the year ended December 31, 2019 compared to RMB1,969.8 million for the year ended December 31, 2018, increased by 74.2% and RMB1,461.3 million. The Group expanded the construction contracting business to regions other than Beijing-Tianjin-Hebei region during the year, the new contract value of other regions (including Sichuan, Anhui and Xinjiang) entered into by the Group amounted to RMB1,798.6 million.

### **(III) Financial Review**

#### **1. Revenue**

The revenue of the Group was primarily derived from two business segments: (i) property development business and (ii) construction contracting business. Total revenue increased from approximately RMB1,602 million for the year ended December 31, 2018 to approximately RMB2,660 million for the year ended December 31, 2019, representing an increase of 66%.

##### *1.1 Property development business*

The Group's revenue from property development business comprises sales of properties and rental income. Revenue from sales of properties is recognised only after properties have been sold to purchasers and after satisfying the requirements for delivery as stipulated in the purchase agreements. Consistent with industry practice, the Group usually enters into purchase agreements with purchasers while the properties are under development and fulfil the conditions for presales in accordance with PRC laws and regulations.

The aggregate GFA delivered increased from 113,179 sq.m. for the year ended December 31, 2018 to 177,973 sq.m. for the year ended December 31, 2019 and the recognised revenue increased from approximately RMB392 million for the year ended December 31, 2018 to approximately RMB1,285 million for the year ended December 31, 2019. The above increments were primarily attributable to the completion and delivery of Tianbao Lingyun City, Tianbao Green City and Tianbao New City Phase III to purchasers during the year 2019, of which Tianbao Lingyun City and Tianbao Green City were sold at higher selling prices.

The rental income of the Group was primarily derived from lease of commercial investment properties. The Group holds these commercial investment properties for capital appreciation and leases them to generate rental income. As of December 31, 2019, the Group held one commercial investment property, Baoxin International Building, which had a rentable GFA of 44,336.1 sq.m..

##### *1.2 Construction contracting business*

The revenue of the Group's construction contracting business was primarily derived from the provision of construction contracting services mainly as a general contractor for building construction projects, infrastructure construction projects and industrial and commercial construction projects.

The overall increase in the revenue from the Group's construction contracting business was primarily attributable to an increased revenue from building construction and industrial, commercial and infrastructure construction projects due to an increase in project volume and scale of such construction projects.

## 2. *Cost of sales*

The Group's costs of sales primarily represents the costs the Group incurs for the property development and sales as well as construction contracting services the Group rendered. The cost for property development business primarily includes land costs, construction costs and rent costs. The cost for construction contracting business primarily includes labor costs, raw material costs, machinery costs, subcontracting costs and other costs.

The Group's cost of sales increased from approximately RMB1,412 million for the year ended December 31, 2018 to approximately RMB1,978 million for the year ended December 31, 2019, representing an increase of 40%, which was in line with the growth of property development business and construction contracting business of the Group.

## 3. *Gross profit and gross profit margin*

The following table sets forth a breakdown of gross profit and gross profit margin by business segment for the years indicated:

Segment	Year ended December 31					
	2019			2018		
	Gross Profit RMB'000	Percentage of gross profit (%)	Gross profit margin (%)	Gross Profit RMB'000	Percentage of gross profit (%)	Gross profit margin (%)
Property development business	609,646	89.3	47.0	121,202	63.8	30.3
Construction contracting business	72,774	10.7	5.3	68,722	36.2	5.7
Total	<u>682,420</u>	<u>100.0</u>	25.7	<u>189,924</u>	<u>100.0</u>	11.9

The Group's gross profit increased from approximately RMB190 million for the year ended December 31, 2018 to approximately RMB682 million for the year ended December 31, 2019, representing an increase of 259%, which was primarily attributable to the increase in gross profit of the Group's property development business from approximately RMB121 million for the year ended December 31, 2018 to approximately RMB610 million for the year ended December 31, 2019. The Group's gross profit margin increased from 11.9% for the year ended December 31, 2018 to 25.7% for the year ended December 31, 2019, which was mainly due to the increase in gross profit margin of the Group's property development business from 30.3% for the year ended December 31, 2018 to 47.0% for the year ended December 31, 2019, which was mainly attributable to the completion and delivery of Tianbao Lingyun City and Tianbao Green City, the residential projects with high average selling prices and the gross profit margin ranging from 40% to 53%, to purchasers during the year. The gross profit margin of the construction contracting business remained relatively stable at 5.3% for the year ended December 31, 2019 (2018: 5.7%).

#### **4. *Other income and gains***

The Group's other income and gains decreased by 18.5% from approximately RMB17 million for the year ended December 31, 2018 to approximately RMB14 million for the year ended December 31, 2019, primarily due to the decrease in dividend income received from equity investments designated at fair value through other comprehensive income from approximately RMB13.3 million for the year ended December 31, 2018 to approximately RMB10.8 million for the year ended December 31, 2019.

#### **5. *Selling and distribution expenses***

The Group's selling and distribution expenses primarily consist of (i) advertising, marketing and business development expenses, and (ii) staff costs in relation to our sales person.

The Group's selling and distribution expenses decreased by 42.8% from approximately RMB5.6 million for the year ended December 31, 2018 to approximately RMB3.2 million for the year ended December 31, 2019, which was mainly due to the organisation of certain promotion activities of relevant business by the Group to support its business expansion.

#### **6. *Administrative expenses***

The Group's administrative expenses primarily consist of staff costs in relation to the Group's administrative personnel, listing expenses, office expenses, depreciation and amortization, traveling and entertainment expenses and other expenses.

The Group's administrative expenses increased by 82.4% from approximately RMB43 million for the year ended December 31, 2018 to approximately RMB78 million for the year ended December 31, 2019, which was mainly due to the business expansion of the Group, listing expenses incurred and number of staff increased thus a rise of staff costs. Among the administrative expenses of approximately RMB78 million, listing expenses and staff costs (including directors' remuneration) amounted to approximately RMB28.6 million and approximately RMB24.7 million (for the year ended December 31, 2018: approximately RMB3.9 million and approximately RMB20.5 million, respectively), respectively.

#### **7. *Impairment losses or reversal of impairment losses on financial assets and contract assets, net***

We perform an impairment analysis as of December 31, 2019 using a provision matrix to measure expected credit losses ("ECLs"). The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date. An impairment analysis is performed at each reporting date using a provision matrix to measure ECLs.

For the year ended December 31, 2019, the Group's net impairment losses on financial assets amounted to approximately RMB24.3 million, primarily due to the amount of financial assets that the Group considered not recoverable based on the ECLs analysis performed. For the year ended December 31, 2018, the Group recorded a net reversal of impairment losses on financial assets and contract assets of RMB10.6 million, primarily because the Group strengthened its effort in recovering trade receivables where invoices had been issued and recovered certain long-aging trade receivables which it provided provision in prior years.

**8. *Fair value gain on investment properties***

Baoxin International Building, the Group's investment property, is located in Zhuozhou, Hebei Province, the PRC, and is held by the Group in long run investment to generate rental income.

For the year ended December 31, 2019, the Group recorded fair value gain on investment properties of approximately RMB4.7 million (for the year ended December 31, 2018: RMB19.4 million), which was mainly due to the increase in fair value of investment properties.

**9. *Finance costs***

The Group's finance costs primarily represent interest expenses on bank loans less the capitalised cost of interest on relevant loan incurred for property development.

The Group's finance costs increased by 331% from approximately RMB5 million for the year ended December 31, 2018 to approximately RMB22 million for the year ended December 31, 2019, which was mainly due to a larger portion of interest expenses incurred from the loans raised were not capitalised to the property development projects this year.

**10. *Income tax expenses***

The Group's income tax expenses include payments and provisions made for corporate income tax and LAT by the PRC subsidiaries of the Group.

The Group's income tax expenses increased by 250% from approximately RMB72 million for the year ended December 31, 2018 to approximately RMB252 million for the year ended December 31, 2019, which was mainly due to the increase in the Group's taxable profit derived from the property development business and construction contracting business and the provision of LAT for the units delivered to purchasers of the property development business.

**11. *Profit for the year***

For the year ended December 31, 2019, the Group's profit amounted to approximately RMB318 million, representing an increase of 194% from RMB108 million for the year ended December 31, 2018.



#### (IV) Liquidity, Finance and Capital

The Group has historically met its liquidity requirements through cash flows from operations and bank borrowings. The Group's primary liquidity requirements are to finance working capital, fund capital expenditures and provide capital for the growth and expansion of operations. The Group expects these sources to continue to be its principal sources of liquidity, and the Group may use a portion of the proceeds from the global offering to finance a portion of its capital requirements.

##### *Cash position*

As at December 31, 2019, the Group's total deposits, cash and cash equivalents amounted to approximately RMB452 million (2018: approximately RMB219 million), all of which are denominated in RMB, including pledged deposits of approximately RMB130 million as at December 31, 2019 (2018: approximately RMB121 million).

##### *Future plans for material investments and capital assets*

Save as disclosed in the prospectus of the Company dated October 30, 2019 (the "Prospectus"), the Group has no other plans for material investments and capital assets.

##### *Significant investments held*

For the year ended December 31, 2019, the Group did not hold any significant investments.

##### *Loan and pledge of assets*

	As of December 31					
	2019			2018		
	<i>Effective interest rate (%)</i>	<i>Maturity</i>	<i>RMB'000</i>	<i>Effective interest rate (%)</i>	<i>Maturity</i>	<i>RMB'000</i>
<b>Current</b>						
Bank borrowings – secured	5.66	2020	250,000	5.66	2019	350,000
Current portion of long term bank borrowings – secured	4.75-8.00	2020	<u>369,000</u>	4.75	2019	<u>119,000</u>
			619,000			469,000
<b>Non-current</b>						
Bank borrowings – secured	4.75-9.75	2021-2022	<u>170,000</u>	4.75-8.00	2021	<u>445,000</u>
			<u>789,000</u>			<u>914,000</u>

The following table sets forth the maturity profile of the Group's interest-bearing bank borrowings as of the dates indicated:

	<b>As of December 31</b>	
	<b>2019</b>	<b>2018</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Bank borrowings repayable:		
Within one year or on demand	<b>619,000</b>	469,000
In the second year	<b>100,000</b>	395,000
In the third to fifth years, both inclusive	<b>70,000</b>	50,000
Total	<b>789,000</b>	914,000

As at December 31, 2019, the Group's total interest-bearing bank borrowings amounted to approximately RMB789 million (2018: approximately RMB914 million). The Group's interest-bearing bank borrowings are all denominated in RMB.

The Group's interest-bearing bank borrowings are secured by its property, plant and equipment, investment properties and properties under development with aggregate carrying amounts of approximately RMB68 million (2018: RMB66 million), RMB84 million (2018: RMB134 million) and RMB594 million (2018: RMB600 million), respectively.

### ***Key financial ratios***

The table below sets forth a summary of the Group's key financial ratios as of the dates or for the periods indicated:

		<b>As of or for the year ended December 31</b>	
	<i>Notes</i>	<b>2019</b>	<b>2018</b>
Current ratio ( <i>times</i> )	<i>1</i>	<b>1.10</b>	1.39
Gearing ratio (%)	<i>2</i>	<b>72.6</b>	54.4
Net gearing ratio (%)	<i>3</i>	<b>31.0</b>	41.4
Return on equity (%)	<i>4</i>	<b>23.0</b>	8.2
Return on total assets (%)	<i>5</i>	<b>5.1</b>	2.0
Gross profit margin (%)	<i>6</i>	<b>25.7</b>	11.9
Net profit margin (%)	<i>7</i>	<b>12.0</b>	6.8

#### ***Notes:***

1. Current ratios were calculated based on the total current assets as of the respective dates divided by the total current liabilities as of the respective dates.
2. Gearing ratios were calculated by total interest-bearing bank borrowings divided by total equity as of the end of the respective periods and multiplied by 100%.
3. Net gearing ratios were calculated as total interest-bearing bank borrowings less cash and bank balances and pledged deposits divided by total equity as of the end of the respective periods and multiplied by 100%.

4. Return on equity was calculated based on the profit for the respective periods divided by the total equity as of the respective periods (sum of opening and closing balances of the total equity of the respective periods and then divided by two) and multiplied by 100%.
5. Return on total assets was calculated based on the net profit for the respective periods divided by the average total assets of the respective periods (sum of opening and closing balances of the total assets of the respective periods and then divided by two) and multiplied by 100%.
6. Gross profit margin was calculated on gross profit divided by revenue from the continuing operations for the respective periods.
7. Net profit margin was calculated on profit for the year divided by revenue from the continuing operations for the respective periods.

### ***Commitments***

#### ***Operating Lease Commitments***

##### ***The Group as a lessor***

The Group lease its investment properties under operating lease arrangements with leases negotiated from terms ranging from one to ten years. At the end of the Reporting Period, the Group has total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	<b>2019</b> <b>RMB'000</b>	2018 <i>RMB'000</i>
Within one year	<b>9,011</b>	7,510
In the second to fifth years, both inclusive	<b>7,492</b>	5,303
After five years	<b>355</b>	1,370
	<hr/> <b>16,858</b> <hr/>	<hr/> 14,183 <hr/>

### ***Capital Commitments***

The Group had the following capital commitments at the end of the Reporting Period:

	<b>2019</b> <b>RMB'000</b>	2018 <i>RMB'000</i>
Contracted, but no provision has been made:		
Construction contracting	<b>229,572</b>	133,310
	<hr/> <b>229,572</b> <hr/>	<hr/> 133,310 <hr/>

## ***Contingent Liabilities***

### ***Mortgage guarantee***

The Group has provided guarantees in respect of mortgage facilities for certain purchasers of the Group's properties amounting to approximately RMB816.4 million and approximately RMB870.9 million as at December 31, 2019 and December 31, 2018, respectively. The Group's guarantee period starts from the dates of the grant of relevant mortgage loans and ends upon the issuance of real estate ownership certificates to the purchasers, which will generally be available within one to two years after the purchasers take possession of the relevant properties.

The Directors consider that the fair value of the guarantees is not significant, and in case of default on payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalties. Therefore, no provision for the guarantees has been made during the Reporting Period.

### ***Legal Contingents***

In March 2016, a claim was brought against the Group by an individual, seeking RMB14.1 million in payment arising from construction work subcontracted from the Group. The claim arose because the plaintiff alleged that the Group failed to pay the full amount in time. The case was dismissed by the People's Court of Zhuozhou and remitted to retrial by the Intermediate People's Court of Baoding, Hebei Province as at the date of this announcement. Based on the legal advice of the defense counsel for this legal proceeding, the Directors believe that the plaintiff's claim for damages is without merit. Accordingly, no provisions are made in this regard based on the Directors' estimation and assessment.

(V) Others

1. Use of Proceeds from Initial Public Offering (“IPO”)

Trading of shares in the Company on the Stock Exchange commenced on November 11, 2019 (the “**Listing Date**”), and the Group raised net proceeds of approximately HK\$489.18 million (equivalent to approximately RMB437.14 million) (including the net proceeds received upon full exercise of the over-allotment options as set out in the Prospectus, the “**Net Proceeds**”), after deducting the underwriting commission and other expenses in connection with the IPO.

As of December 31, 2019, an analysis of the utilisation of proceeds from IPO is as follows:

Proposed use of Net Proceeds as set out in the Prospectus	Approximate percentage of Net Proceeds (%)	Net Proceeds (including net proceeds from the exercise of the over-allotment option) RMB million	Utilised Net Proceeds RMB million	Unutilised Net Proceeds RMB million
To increase land reserves by acquiring land parcels in cities in Beijing-Tianjin-Hebei Region	50	218.57	133.16	85.41
To construct property projects under development	20	87.42	48.08	39.34
Funds for construction projects of backlog	20	87.42	87.42	–
General working capital	10	43.73	19.26	24.47
Total	100	437.14	287.92	149.22

During the year ended December 31, 2019, the Company’s unutilised Net Proceeds were approximately RMB149.22 million. The Company intends to apply the unutilised net proceeds from IPO as of December 31, 2019 in the manner and proportion set out in the Prospectus. The unutilised Net Proceeds are expected to be utilised in full by the end of year 2020.

2. Foreign Currency Risk

The Group primarily operates in the PRC. The majority of the Group’s transactions were denominated and settled in RMB. Currently, the Group has not entered into any hedging activities aimed at or intended to manage our exposure to foreign exchange risk. The Group will continue to monitor foreign exchange activities and safeguard the cash value of the Group with its best effort.

### **3. Interest Rate Risk**

The Group's interest rate risk arises from interest-bearing bank deposits, bank and other borrowings. Bank deposits, bank and other borrowings issued at variable rates expose the Group to cash flow interest rate risk. Bank borrowings and other borrowings bearing an interest at fixed rates expose the Group to fair value interest rate risk.

### **FUTURE PROSPECT**

Looking ahead into 2020, China is still in the critical period of industry structural adjustment and maintains a generally stable economic performance while securing progress. For property industry, different policies will be implemented in different cities to form a long-term management and regulation mechanism to stabilise the prices of lands and residential properties and the market expectation.

The Coronavirus disease (COVID-19) outbreak in early 2020 will bring a certain impact on the overall economy. The Group currently has no business in Hubei Province and it is expected that COVID-19 has no significant impact on the business of the Group. As of the date of this announcement, the epidemic has continued to develop. The Group will keep an eye on the possible impact of the epidemic on the financial position and operating results of the Group, and will make appropriate and feasible measures timely in response to the outbreak.

Faced with new situation and new challenges, the Group will fully utilise the synergies between property development business and construction contracting business to continue develop a diverse project portfolio. For construction contracting business, the Group will follow the development trend of China, expand to the Guangdong-Hong Kong-Macau Greater Bay Area, and put great efforts in construction of the Beijing-Tianjin-Hebei region in Northern China, Sichuan, Chongqing and Hunan Province in Southwestern China, Shaanxi, Gansu and Xinjiang Province in Northwestern China, and Xiong'an New Area. The Group will expand its business under development, strengthen the human resources of design institutes, enhance the qualifications of infrastructure business, and make nationwide expansion in construction market, thereby enhancing the comprehensive strength of its construction contracting business. Meanwhile, the Group will deeply implement the expansion strategy of "construction first and property development to follow", focus on Zhuozhou and the satellite cities of Beijing, strengthen the cooperation with local government entities and property developers for construction contracting projects, and continuously expand its property development business.

### **FINAL DIVIDEND**

The Board did not recommend the payment of a final dividend for the year ended December 31, 2019.

### **ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS**

The Company proposes to hold the annual general meeting of the Company (the "Annual General Meeting") at 9:00 a.m. on May 27, 2020.

In order to determine the entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from May 22, 2020 to May 27, 2020, both days inclusive, during which period no transfer of shares will be registered. All transfer documents of the Company accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on May 21, 2020.

## **PURCHASE, SALE AND REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY**

During the period from the Listing Date to December 31, 2019, the Group did not purchase, sell or redeem any securities of the Company listed on the Stock Exchange.

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

The Company had applied the principles and code provisions as set out in the Corporate Governance Code and has complied with all code provisions in the Corporate Governance Code set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) from the Listing Date and up to December 31, 2019, except for the deviation from code provision A.2.1.

Pursuant to code provision A.2.1 of the Corporate Governance Code, the responsibilities between the chairman and the chief executive officer should be separate and should not be performed by the same individual. Mr. Li Baotian has been serving as the chairman of the Board and the chief executive officer of the Company during the year ended December 31, 2019. However, the Board believes that vesting the roles of both chairman of the Board and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group.

The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

## **COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as a code for the Directors to deal in securities of the Company. Prior to the Listing Date of the Company, the Model Code did not apply to the Directors.

After making specific enquiries to all Directors, each of the Directors has confirmed that he/she has complied with the Model Code during the period from the Listing Date and up to December 31, 2019.

The Company's employees, who are likely to be in possession of inside information of the Company, have also been subject to the Model Code for securities transactions. No incident of non-compliance of the Model Code by the Company's employees was noted by the Company since the Listing Date and up to December 31, 2019.

## **SCOPE OF WORK OF THE AUDITOR**

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of other comprehensive income and the related notes thereto for the year ended December 31, 2019 as set out in the annual results announcement of the Group have been compared by the Group's auditor, Ernst & Young ("EY"), to the amounts set out in the Group's consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by EY in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by EY.

## **AUDIT COMMITTEE**

The audit committee of the Company (the "**Audit Committee**") consists of three independent non-executive Directors, namely Mr. Li Xu, Mr. Liu Kaixiang and Mr. Li Qingxu. The chairman of the Audit Committee is Mr. Li Xu, who is with appropriate accounting and related financial management expertise. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group, oversee the audit process, provide advice and comments to the Board and perform other duties and responsibilities as may be assigned by the Board.

The Audit Committee has reviewed this results announcement and the consolidated financial statements for the year ended December 31, 2019 prepared under the IFRSs.

## **SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD**

### *(1) Acquisition of the land use right of a land parcel in the High-Tech Development Zone, Zhuozhou*

On January 6, 2020, Tianbao Property Development Company Limited, an indirect wholly-owned subsidiary of the Company, and Zhuozhou Natural Resources and Planning Bureau entered into a state-owned construction land use right grant contract in relation to the land parcel situated north to Yongji East Road and east to Pengcheng Street in the High-Tech Development Zone, Zhuozhou, the PRC with a total site area of 58,610.92 sq.m. at a total consideration of RMB246,276,000. The land use right is valid for a term of 40 years for purpose of other commercial service. The proposed construction project of the land parcel shall commence before October 1, 2020 and be completed before September 30, 2023. For further details, please refer to the announcement of the Company dated January 6, 2020.



(2) *Adoption of Share Award Scheme*

On March 4, 2020, the Company adopted a share award scheme to recognise the contributions by certain employee(s) (including without limitation any executive director) of any member of the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group; and to attract suitable personnel for further development of the Group. As of the date of this announcement, no awarded shares are granted under the share award scheme. For further details, please refer to the announcement of the Company dated March 4, 2020.

Save as disclosed above, the Group had no material events after the Reporting Period.

**PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

This results announcement is published on the HKEXnews website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and on the website of the Company at [www.chinatbjt.com](http://www.chinatbjt.com). The 2019 annual report of the Company will be despatched to the shareholders of the Company (the “**Shareholders**”) and will be published on the websites of the Stock Exchange and the Company in due course.

**APPRECIATION**

The Group would like to express its sincere gratitude to all Shareholders, customers and business partners for their continuing support, and wishes to sincerely thank all employees for their outstanding contribution to the development of the Group. The Group will continue to deliver sustainable business development, so as to create more values for all Shareholders.

**CHANGE OF PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

The Board hereby announces that the principal place of business in Hong Kong of the Company has been changed to Unit 3326, 33/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong with effect from March 24, 2020.

By order of the Board  
**China Tianbao Group Development Company Limited**  
**Li Baotian**  
*Chairman of the Board and Executive Director*

Hong Kong, March 24, 2020

*As at the date of this announcement, the executive directors of the Company are Mr. Li Baotian, Ms. Shen Lifeng, Ms. Wang Xinling, Mr. Li Yaruixin, Ms. Wang Huijie and Mr. Zang Lin; and the independent non-executive directors of the Company are Mr. Li Xu, Mr. Liu Kaixiang and Mr. Li Qingxu.*