C&D International Investment Group Limited
建發國際投資集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1908)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

FINANCIAL HIGHLIGHTS

- For the year ended 31 December 2018, the Group together with its joint venture and associates achieved contracted sales of approximately RMB24.79049 billion with contracted sales GFA of approximately 1,641,700 sq.m., representing a significant increase by approximately RMB14.67869 billion and approximately 1,026,200 sq.m. respectively (approximately 145.16% and 166.73% respectively) as compared with the previous year.

- Cash collected from sales of properties totalled approximately RMB25.16873 billion.

- For the year ended 31 December 2018, the Group's total revenue amounted to approximately RMB12.37142 billion, increased by approximately RMB7.59257 billion (approximately 158.88%) as compared with the previous year (restated). Revenue from the property development segment amounted to approximately RMB11.51694 billion, increased by approximately RMB7.37354 billion (approximately 177.96%) as compared with the previous year (restated).

- For the year ended 31 December 2018, the Group's gross profit amounted to approximately RMB4.11516 billion, increased by approximately RMB2.52444 billion (approximately 158.70%) as compared with the previous year (restated).

- For the year ended 31 December 2018, the profit attributable to the equity holders of the Company amounted to approximately RMB1.42045 billion, increased by approximately RMB892.64 million (approximately 169.12%) as compared with the previous year (restated), and by approximately RMB1.09103 billion (approximately 331.20%) as compared with the previous year (before restated).

- The Group's basic earnings per share was RMB1.93.

- The Board proposed payment of a final dividend of HK$1.20 per share in the form of cash.

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

The board (the "Board") of directors (the "Directors") of C&D International Investment Group Limited (the "Company") is pleased to announce the following audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2018 (the "Year") together with the comparative figures for the year ended 31 December 2017 (restated).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Notes	**2018** **RMB'000**	2017 *RMB'000* *(Restated — Note 2)*
Revenue	*4*	**12,371,415**	4,778,846
Cost of sales		**(8,256,257)**	(3,188,124)
Gross profit		**4,115,158**	1,590,722
Other net gain	*6*	**209,877**	46,936
Gain on changes in fair value of investment properties		**5,309**	9,330
Administrative expenses		**(151,560)**	(47,042)
Selling expenses		**(595,617)**	(337,681)
Finance costs	*7*	**(517,462)**	(185,825)
Share of profits/(losses) of associates		**19,928**	(5,963)
Share of profits of a joint venture		**4,128**	–
Profit before income tax	*8*	**3,089,761**	1,070,477
Income tax expense	*9*	**(1,511,859)**	(467,429)
Profit for the year		**1,577,902**	603,048
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		**2,199**	(14,244)
Total comprehensive income for the year		**1,580,101**	588,804
Profit for the year attributable to:			
— Equity holders of the Company		**1,420,446**	527,813
— Holders of perpetual bonds		**90,969**	96,320
— Non-controlling interests		**66,487**	(21,085)
		1,577,902	603,048
Total comprehensive income for the year attributable to:			
— Equity holders of the Company		**1,422,934**	513,422
— Holders of perpetual bonds		**90,969**	96,320
— Non-controlling interests		**66,198**	(20,938)
		1,580,101	588,804
Earnings per share for profit attributable to the equity holders of the Company			
— Basic	*11*	**RMB1.93**	RMB1.18
— Diluted	*11*	**RMB1.85**	RMB1.01

Note: The Group has initially applied HKFRS 15 and HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated, see note 3.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2018

	Notes	31 December 2018 RMB'000	31 December 2017 RMB'000 (Restated — Note 2)	1 January 2017 RMB'000 (Restated — Note 2)
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment		**113,067**	99,438	95,476
Land use rights		**95,936**	99,556	103,176
Investment properties		**1,238,730**	642,330	682,130
Interests in associates		**1,776,251**	227,530	38,988
Interest in a joint venture		**45,405**	46,747	50,024
Other non-current financial assets		**309,040**	123,000	–
Deposits for acquisitions of land use rights		**64,166**	64,166	64,166
Deferred tax assets		**873,924**	304,057	39,226
		4,516,519	1,606,824	1,073,186
Current assets				
Inventories of properties and other contract costs	*12*			
— Properties under development		**48,070,624**	22,527,422	10,703,720
— Properties held for sale		**1,731,691**	720,742	45,491
— Other contract costs		**131,277**	–	–
Trade and other receivables	*13*	**2,393,643**	2,201,354	402,024
Amounts due from related companies		**–**	11,731	–
Amounts due from non-controlling interests		**483,474**	–	–
Deposits for acquisitions of land use rights		**710,810**	4,786,511	1,923,134
Prepaid taxes		**189,475**	181,745	73,386
Cash at banks and on hand		**4,547,441**	1,985,195	691,736
		58,258,435	32,414,700	13,839,491
Total assets		**62,774,954**	34,021,524	14,912,677
Current liabilities				
Trade and other payables	*14*	**4,437,317**	1,753,783	1,013,750
Advances received from the pre-sale of properties under development and properties held for sale		**–**	6,184,791	2,334,876
Contract liabilities		**13,084,951**	–	–
Amounts due to related companies		**1,196,079**	6,231,326	1,175,422
Amounts due to non-controlling interests		**3,617,765**	1,724,746	269,631
Interest-bearing borrowings		**1,554,077**	258,240	3,236
Income tax liabilities		**1,606,328**	489,283	42,086
		25,496,517	16,642,169	4,839,001
Net current assets		**32,761,918**	15,772,531	9,000,490
Total assets less current liabilities		**37,278,437**	17,379,355	10,073,676

	Notes	**31 December 2018** *RMB'000*	31 December 2017 *RMB'000* *(Restated — Note 2)*	1 January 2017 *RMB'000* *(Restated — Note 2)*
Non-current liabilities				
Loans from intermediate holding companies		**16,082,145**	4,981,163	5,534,983
Receipts under securitisation arrangements		**3,518,800**	1,250,000	–
Interest-bearing borrowings		**6,794,530**	5,691,273	540,000
Deferred tax liabilities		**278,916**	171,779	174,109
		26,674,391	12,094,215	6,249,092
Total liabilities		**52,170,908**	28,736,384	11,088,093
Net assets		**10,604,046**	5,285,140	3,824,584
EQUITY				
Share capital	*15*	**61,532**	61,532	35,219
Reserves		**6,032,490**	2,826,346	1,638,798
Equity attributable to the equity holders of the Company		**6,094,022**	2,887,878	1,674,017
Perpetual bonds	*16*	**–**	2,000,000	2,000,000
Non-controlling interests		**4,510,024**	397,262	150,567
Total equity		**10,604,046**	5,285,140	3,824,584

Note: The Group has initially applied HKFRS 15 and HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated, see note 3.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

1. GENERAL INFORMATION

C&D International Investment Group Limited (the "Company") was incorporated in the Cayman Islands on 18 February 2011 as an exempted company with limited liability under Companies Law (Cap 22 of the Cayman Islands). The address of the Company's registered office is P.O. Box 10008, Willow House, Cricket Square, Grand Cayman KY1-1001, Cayman Islands and its principal place of business in Hong Kong is located at Office No. 3517, 35th Floor, Wu Chung House, 213 Queen's Road East, Wanchai, Hong Kong. The listing of the Company's shares has been transferred to the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 26 May 2014 after their initial listing on GEM of the Stock Exchange.

The Company's functional currency is Hong Kong Dollars ("HK$"). However, the consolidated financial statements are presented in Renminbi ("RMB"), as the directors of the Company consider that RMB is the functional currency of the primary economic environment in which most of the Group's transactions are denominated and settled in and this presentation is more useful for its current and potential investors. The consolidated financial statements are presented in thousands of RMB ("RMB'000") unless otherwise stated.

The principal activity of the Company is investment holding. The Group is principally engaged in the businesses of property development, real estate industrial chain investment service and emerging industry investment.

Well Land International Limited ("Well Land") is the Company's immediate holding company which was incorporated in the British Virgin Islands ("BVI") with limited liability and Xiamen C&D Corporation Limited ("Xiamen C&D") which was incorporated in the People's Republic of China ("PRC") with limited liability is the Company's ultimate holding company.

The consolidated financial statements for the year ended 31 December 2018 were approved for issue by the Board of Directors on 20 March 2019.

2. BASIS OF PREPARATION

These annual consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the accounting principles generally accepted in Hong Kong. The consolidated financial statements also comply with the disclosure requirements of Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new or amended HKFRSs and the impacts on the consolidated financial statements of the Group, if any, are disclosed in note 3.

The consolidated financial statements have been prepared on the historical cost basis, except for investment properties and financial assets at fair value through profit and loss, which are stated at fair values.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates.

2. BASIS OF PREPARATION *(Continued)*

Common control combinations

The acquisitions of subsidiaries under common control have been accounted for using merger accounting. The acquisition method of accounting is used to account for the acquisition of subsidiaries not under common control.

Under merger accounting, the net assets of the combining entities or businesses are combined using their existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of the acquirers' interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over the cost of investment at the time of common control combination. The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under common control, where this is a shorter period, regardless of the date of the common control combination.

During the year, Xiamen Yi Yue Property Company Limited* (廈門益悅置業有限公司) ("Xiamen Yi Yue") and Xiamen C&D Property Management Service Company Limited* (廈門建發物業管理服務有限公司) ("C&D Property"), indirect wholly-owned subsidiaries of the Company have entered into the following agreements (the "Transactions"):

(i) Xiamen Yi Yue entered into an equity transfer agreement with a fellow subsidiary, Xiamen Jianhui Real Estate Development Company Limited* (廈門建匯房地產開發有限公司) ("Xiamen Jianhui"), pursuant to which Xiamen Jianhui agreed to sell and Xiamen Yi Yue agreed to purchase 100% equity interests in Changsha Zhaoxi Real Estate Development Company Limited* (長沙兆禧房地產有限公司) ("Changsha Zhaoxi") at a total cash consideration of approximately RMB51,131,000 ("Changsha Zhaoxi Acquisition"). The acquisition was completed on 25 June 2018.

(ii) Xiamen Yi Yue entered into an equity transfer agreement with an intermediate holding company, C&D Real Estate Corporation Limited* (建發房地產集團有限公司) ("C&D Real Estate"), pursuant to which C&D Real Estate agreed to sell and Xiamen Yi Yue agreed to purchase 100% equity interests in Taicang Jianjin Real Estate Development Company Limited* (太倉建晉房地產開發有限公司) ("Taicang Jianjin") at a total cash consideration of approximately RMB54,344,000 ("Taicang Jianjin Acquisition"). The acquisition was completed on 3 July 2018.

(iii) Xiamen Yi Yue entered into an equity transfer agreement with a fellow subsidiary, C&D Real Estate Corporation Nanning Limited* (建發房地產集團南寧有限公司) ("C&D Nanning"), pursuant to which C&D Nanning agreed to sell and Xiamen Yi Yue agreed to purchase 51% equity interests in Nanning Dingchi Real Estate Development Company Limited* (南寧市鼎馳置業投資有限責任公司) ("Nanning Dingchi") at a total cash consideration of approximately RMB3,562,000 ("Nanning Dingchi Acquisition"). The acquisition was completed on 3 July 2018.

(iv) Xiamen Yi Yue entered into an equity transfer agreement with C&D Nanning, pursuant to which C&D Nanning agreed to sell and Xiamen Yi Yue agreed to purchase 51% equity interests in Nanning Qinghe Real Estate Development Company Limited* (南寧市慶和房地產開發有限責任公司) ("Nanning Qinghe") at a total cash consideration of approximately RMB30,632,000 ("Nanning Qinghe Acquisition"). The acquisition was completed on 19 June 2018.

2. BASIS OF PREPARATION *(Continued)*

Common control combinations *(Continued)*

Details of Changsha Zhaoxi Acquisition, Taicang Jianjin Acquisition, Nanning Dingchi Acquisition and Nanning Qinghe Acquisition have been set out in the Company's announcement dated 16 January 2018 and circular dated 23 April 2018.

(v) C&D Property entered into an equity transfer agreement with C&D Real Estate, pursuant to which C&D Real Estate agreed to sell and C&D Property agreed to purchase 100% equity interests in Huijia (Xiamen) Property Management Company Limited* (匯嘉(廈門)物業管理有限公司) and its subsidiary ("Huijia Group") at a total cash consideration of approximately RMB37,580,000 ("Huijia Acquisition"). The acquisition was completed on 11 July 2018.

(vi) C&D Property entered into an equity transfer agreement with C&D Real Estate and a fellow subsidiary, Xiamen Liyuan Investment Company Limited* (廈門利源投資有限公司) ("Xiamen Liyuan"), pursuant to which C&D Real Estate and Xiamen Liyuan agreed to sell and C&D Property agreed to purchase 100% equity interests in Yijiayuan (Xiamen) Property Management Company Limited* (怡家園(廈門)物業管理有限公司) and its subsidiaries ("Yijiayuan Group") at a total cash consideration of approximately RMB75,893,000 ("Yijiayuan Acquisition"). The acquisition was completed on 11 July 2018.

Details of Huijia Acquisition and Yijiayuan Acquisition have been set out in the Company's announcement dated 3 April 2018 and circular dated 20 June 2018.

(vii) Xiamen Yi Yue entered into an equity transfer agreement with a fellow subsidiary, Xiamen Jiacheng Investment Development Company Limited* (廈門嘉誠投資發展有限公司) ("Xiamen Jiacheng"), pursuant to which Xiamen Jiacheng agreed to sell and Xiamen Yi Yue agreed to purchase 100% equity interests in Xiamen Jiafu Investment Company Limited* (廈門嘉富投資有限公司) ("Xiamen Jiafu") at a total cash consideration of approximately RMB40,145,000. Details of the Xiamen Jiafu Acquisition have been set out in the Company's announcement dated 28 June 2018 ("Xiamen Jiafu Acquisition"). The acquisition was completed on 23 July 2018.

(viii) Xiamen Yi Yue entered into an equity transfer agreement with fellow subsidiaries, C&D Real Estate Corporation Shanghai Company Limited* (建發房地產集團上海有限公司) and Xiamen Zhaoshang Property Company Limited* (廈門兆尚置業有限公司) (together, the "Vendors"), pursuant to which the Vendors agreed to sell and Xiamen Yi Yue agreed to purchase 100% equity interests in Suzhou Zhaokun Property Development Company Limited* (蘇州兆坤房地產開發有限公司) ("Suzhou Zhaokun") at a total cash consideration of approximately RMB75,984,000 ("Suzhou Zhaokun Acquisition"). The acquisition was completed on 26 December 2018.

(ix) Xiamen Yi Yue entered into an equity transfer agreement with a fellow subsidiary, Xiamen Jianrui Real Estate Development Company Limited* (廈門建瑞房地產開發有限公司) ("Xiamen Jianrui"), pursuant to which Xiamen Jianrui agreed to sell and Xiamen Yi Yue agreed to purchase 100% equity interests in Longyan Lirui Real Estate Development Company Limited* (龍岩利瑞房地產開發有限公司) ("Longyan Lirui") at a total cash consideration of approximately RMB50,123,000 ("Longyan Lirui Acquisition"). The acquisition was completed on 24 December 2018.

(x) Xiamen Yi Yue entered into an equity transfer agreement with a fellow subsidiary, Jianyang Jiasheng Property Development Company Limited* (建陽嘉盛房地產有限公司) ("Jianyang Jiasheng"), pursuant to which Jianyang Jiasheng agreed to sell and Xiamen Yi Yue agreed to purchase 75% equity interests in Jian'ou Fayun Real Estate Company Limited* (建甌發雲房地產有限公司) ("Jian'ou Fayun") at a total cash consideration of approximately RMB25,208,000 ("Jian'ou Fayun Acquisition"). The acquisition was completed on 29 December 2018.

2. BASIS OF PREPARATION *(Continued)*

Common control combinations *(Continued)*

(xi) Xiamen Yi Yue entered into an equity transfer agreement with Jianyang Jiasheng, pursuant to which Jianyang Jiasheng agreed to sell and Xiamen Yi Yue agreed to purchase 75% equity interests in Jian'ou Zhongheng Real Estate Company Limited* (建甌中恒房地產有限公司) ("Jian'ou Zhongheng") at a total cash consideration of approximately RMB4,160,000 ("Jian'ou Zhongheng Acquisition"). The acquisition was completed on 29 December 2018.

(xii) Xiamen Yi Yue entered into an equity transfer agreement with Jianyang Jiasheng, pursuant to which Jianyang Jiasheng agreed to sell and Xiamen Yi Yue agreed to purchase 70% equity interests in Jian'ou Jiajing Real Estate Company Limited* (建甌嘉景房地產有限公司) ("Jian'ou Jiajing") at a total cash consideration of approximately RMB496,000 ("Jian'ou Jiajing Acquisition"). The acquisition was completed on 27 December 2018.

Details of Suzhou Zhaokun Acquisition, Longyan Lirui Acquisition, Jian'ou Fayun Acquisition, Jian'ou Zhongheng Acquisition and Jian'ou Jiajing Acquisition have been set out in the Company's announcement dated 23 October 2018 and circular dated 24 November 2018.

(xiii) On 26 December 2018, C&D Property entered into an equity transfer agreement with a fellow subsidiary, Xiamen Pinchuan Real Estate Consultant Co., Ltd.* (廈門品傳置業顧問有限公司) ("Xiamen Pinchuan"), pursuant to which Xiamen Pinchuan agreed to sell and C&D Property agreed to purchase 100% equity interests in Xiamen Zaijia Yiju Information Technology Co., Ltd* (廈門在家怡居信息科技有限公司) ("Xiamen Zaijia Yiju") at a total cash consideration of approximately RMB513,000 ("Xiamen Zaijia Yiju Acquisition"). The acquisition was completed on 26 December 2018.

In preparation of the consolidated financial statements of the Group for the year ended 31 December 2018, it was determined that the Group and Changsha Zhaoxi, Taicang Jianjin, Nanning Dingchi, Nanning Qinghe, Huijia Group, Yijiayuan Group, Xiamen Jiafu, Suzhou Zhaokun, Longyan Lirui, Jian'ou Fayun, Jian'ou Zhongheng, Jian'ou Jiajing and Xiamen Zaijia Yiju (the "Target Companies") were under the common control of the substantial shareholder, Xiamen C&D, before and after the Transactions, and that control is not transitory. The Group and the Target Companies were regarded as continuing entities as at the respective dates of business combinations and hence the Transactions were accounted for as business combinations of entities under common control by applying the principles of merger accounting as if the Target Companies had occurred on the date when the combining entities first came under the control of the substantial shareholder.

The financial statements have been prepared in accordance with the principles of merger accounting as set out in Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA, as if the acquisitions had been completed at the beginning of the earliest period presented.

The consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity of the Group for the years ended 31 December 2018 and 2017 include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the dates when the subsidiaries first came under common control of the substantial shareholder, where this is a shorter period. The consolidated statement of financial position of the Group as at 31 December 2017 and 1 January 2017 have been prepared to present the assets and liabilities of the Group using the existing carrying values from the substantial shareholder's perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Transactions.

2. BASIS OF PREPARATION *(Continued)*

Common control combinations *(Continued)*

Equity interests in subsidiaries and/or businesses held by parties other than the substantial shareholder prior to the Transactions are presented as non-controlling interests in equity in applying the principles of merger accounting.

The effect of the common control combinations on the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2017 is as follows:

	The Group before common control combinations *RMB'000*	Subsidiaries acquired *RMB'000*	Adjustments *RMB'000*	The Group after common control combinations *RMB'000* (As restated)
Revenue	3,237,677	1,542,974	(1,805)	4,778,846
Cost of sales	(2,173,296)	(1,015,664)	836	(3,188,124)
Gross profit	1,064,381	527,310	(969)	1,590,722
Other net gain	43,556	3,641	(261)	46,936
Gain on changes in fair value of investment properties	9,330	–	–	9,330
Administrative expenses	(34,716)	(12,326)	–	(47,042)
Selling expenses	(207,787)	(129,894)	–	(337,681)
Finance costs	(97,726)	(88,360)	261	(185,825)
Share of (losses)/profits of associates	(954)	158,341	(163,350)	(5,963)
Loss on disposal of a subsidiary	–	(10)	10	–
Gain on deemed disposal of a subsidiary	–	24,691	(24,691)	–
Profit before income tax	776,084	483,393	(189,000)	1,070,477
Income tax expense	(316,624)	(151,047)	242	(467,429)
Profit for the year	459,460	332,346	(188,758)	603,048
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences	(14,244)	–	–	(14,244)
Total comprehensive income for the year	445,216	332,346	(188,758)	588,804

2. **BASIS OF PREPARATION** *(Continued)*

Common control combinations *(Continued)*

The effects of the common control combinations on the consolidated statements of profit or loss and other comprehensive income for the year ended 31 December 2017 is as follows *(Continued)*:

	The Group before common control combinations *RMB'000*	Subsidiaries acquired *RMB'000*	Adjustments *RMB'000*	The Group after common control combinations *RMB'000* (As restated)
Profit for the year attributable to:				
— Equity holders of the Company	329,416	332,262	(133,865)	527,813
— Holders of perpetual bonds	–	96,320	–	96,320
— Non-controlling interests	130,044	(96,236)	(54,893)	(21,085)
	459,460	332,346	(188,758)	603,048
Total comprehensive income for the year attributable to:				
— Equity holders of the Company	315,025	332,262	(133,865)	513,422
— Holders of perpetual bonds	–	96,320	–	96,320
— Non-controlling interests	130,191	(96,236)	(54,893)	(20,938)
	445,216	332,346	(188,758)	588,804
Earnings per share for profit attributable to the equity holders of the Company				
— Basic	RMB0.73			RMB1.18
— Diluted	RMB0.63			RMB1.01

2. **BASIS OF PREPARATION** *(Continued)*

Common control combinations *(Continued)*

The effects of common control combinations described above on the consolidated statements of financial position as at 31 December 2017 and 1 January 2017 are as follows:

31 December 2017

	The Group before common control combinations *RMB'000*	Subsidiaries acquired *RMB'000*	Adjustments *RMB'000*	The Group after common control combinations *RMB'000* (As restated)
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	64,892	34,546	–	99,438
Land use rights	290	99,266	–	99,556
Investment properties	642,330	–	–	642,330
Investment in subsidiaries	–	8,495	(8,495)	–
Interests in associates	211,003	289,804	(273,277)	227,530
Interest in a joint venture	46,747	–	–	46,747
Other non-current financial assets	63,000	60,000	–	123,000
Deposits for acquisitions of land use rights	64,166	–	–	64,166
Deferred tax assets	255,327	48,488	242	304,057
	1,347,755	540,599	(281,530)	1,606,824
Current assets				
Inventories of properties and other contract costs				
— Properties under development	13,641,712	8,885,710	–	22,527,422
— Properties held for sale	681,100	39,642	–	720,742
Trade and other receivables	2,081,407	119,947	–	2,201,354
Amount due from related companies	–	11,731	–	11,731
Deposits for acquisition of land use rights	3,301,680	1,484,831	–	4,786,511
Prepaid taxes	176,089	5,656	–	181,745
Cash at banks and on hand	1,626,866	358,329	–	1,985,195
	21,508,854	10,905,846	–	32,414,700
Total assets	22,856,609	11,446,445	(281,530)	34,021,524

2. **BASIS OF PREPARATION** *(Continued)*

Common control combinations *(Continued)*

The effects of common control combinations described above on the consolidated statements of financial position as at 31 December 2017 and 1 January 2017 are as follows *(Continued)*:

31 December 2017 *(Continued)*

	The Group before common control combinations *RMB'000*	Subsidiaries acquired *RMB'000*	Adjustments *RMB'000*	The Group after common control combinations *RMB'000* (As restated)
Current liabilities				
Trade and other payables	1,005,816	747,967	–	1,753,783
Advances received from the pre-sale of properties under development and properties held for sale	5,618,545	566,246	–	6,184,791
Amount due to related companies	582,123	5,649,482	(279)	6,231,326
Amount due to non-controlling interests	1,455,650	269,096	–	1,724,746
Interest-bearing borrowings	248,240	10,000	–	258,240
Income tax liabilities	329,932	159,351	–	489,283
	9,240,306	7,402,142	(279)	16,642,169
Net current assets	12,268,548	3,503,704	279	15,772,531
Total assets less current liabilities	13,616,303	4,044,303	(281,251)	17,379,355
Non-current liabilities				
Loans from intermediate holding companies	4,981,163	–	–	4,981,163
Receipts under securitisation arrangements	–	1,250,000	–	1,250,000
Interest-bearing borrowings	5,451,273	240,000	–	5,691,273
Deferred tax liabilities	171,194	585	–	171,779
	10,603,630	1,490,585	–	12,094,215
Total liabilities	19,843,936	8,892,727	(279)	28,736,384
Net assets	3,012,673	2,553,718	(281,251)	5,285,140
EQUITY				
Share capital	61,532	319,600	(319,600)	61,532
Reserves	2,338,859	233,760	253,727	2,826,346
Equity attributable to the equity holders of the Company	2,400,391	553,360	(65,873)	2,887,878
Perpetual bonds	–	2,000,000	–	2,000,000
Non-controlling interests	612,282	358	(215,378)	397,262
Total equity	3,012,673	2,553,718	(281,251)	5,285,140

2. BASIS OF PREPARATION *(Continued)*

Common control combinations *(Continued)*

The effects of common control combinations described above on the consolidated statements of financial position as at 31 December 2017 and 1 January 2017 are as follows *(Continued)*:

1 January 2017

	The Group before common control combinations *RMB'000*	Subsidiaries acquired *RMB'000*	Adjustments *RMB'000*	The Group after common control combinations *RMB'000* (As restated)
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	72,464	23,012	–	95,476
Land use rights	301	102,875	–	103,176
Investment properties	682,130	–	–	682,130
Investment in subsidiaries	–	8,495	(8,495)	–
Interests in associates	38,988	95,000	(95,000)	38,988
Interest in a joint venture	50,024	–	–	50,024
Deposits for acquisitions of land use rights	64,166	–	–	64,166
Deferred tax assets	28,598	10,628	–	39,226
	936,671	240,010	(103,495)	1,073,186
Current assets				
Inventories of properties and other contract costs				
— Properties under development	6,445,262	4,258,458	–	10,703,720
— Properties held for sale	45,491	–	–	45,491
Trade and other receivables	20,144	381,880	–	402,024
Deposits for acquisition of land use rights	466,200	1,456,934	–	1,923,134
Prepaid taxes	51,028	22,358	–	73,386
Cash at banks and on hand	631,282	60,454	–	691,736
	7,659,407	6,180,084	–	13,839,491
Total assets	8,596,078	6,420,094	(103,495)	14,912,677

2. BASIS OF PREPARATION *(Continued)*

Common control combinations *(Continued)*

The effects of common control combinations described above on the consolidated statements of financial position as at 31 December 2017 and 1 January 2017 are as follows *(Continued)*:

1 January 2017 *(Continued)*

	The Group before common control combinations *RMB'000*	Subsidiaries acquired *RMB'000*	Adjustments *RMB'000*	The Group after common control combinations *RMB'000* (As restated)
Current liabilities				
Trade and other payables	316,041	697,709	–	1,013,750
Advances received from the pre-sale of properties under development and properties held for sale	1,183,782	1,151,094	–	2,334,876
Amounts due to related companies	–	1,175,422	–	1,175,422
Amount due to non-controlling interests	226,872	42,759	–	269,631
Interest-bearing borrowings	3,236	–	–	3,236
Income tax liabilities	27,751	14,335	–	42,086
	1,757,682	3,081,319	–	4,839,001
Net current assets	5,901,725	3,098,765	–	9,000,490
Total assets less current liabilities	6,838,396	3,338,775	(103,495)	10,073,676
Non-current liabilities				
Loans from intermediate holding companies	4,339,197	1,195,786	–	5,534,983
Interest-bearing borrowings	540,000	–	–	540,000
Deferred tax liabilities	173,620	489	–	174,109
	5,052,817	1,196,275	–	6,249,092
Total liabilities	6,810,499	4,277,594	–	11,088,093
Net assets	1,785,579	2,142,500	(103,495)	3,824,584
EQUITY				
Share capital	35,219	129,600	(129,600)	35,219
Reserves	1,559,476	10,943	68,379	1,638,798
Equity attributable to the equity holders of the Company	1,594,695	140,543	(61,221)	1,674,017
Perpetual bonds	–	2,000,000	–	2,000,000
Non-controlling interests	190,884	1,957	(42,274)	150,567
Total equity	1,785,579	2,142,500	(103,495)	3,824,584

3. ADOPTION OF NEW AND AMENDED HKFRSs AND CHANGES IN ACCOUNTING POLICIES

New and amended HKFRSs that are effective for annual periods beginning on or after 1 January 2018

In the current year, the Group has applied for the first time the following new and amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2018:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
Amendments to HKAS 40	Transfers of Investment Property
Amendments to HKFRS 1 and HKAS 28	Annual Improvements to HKFRSs 2014–2016 Cycle
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration

Other than as noted below, the adoption of the new and amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

HKFRS 9 "Financial Instruments" ("HKFRS 9")

HKFRS 9 replaces HKAS 39 "Financial Instruments: Recognition and Measurement" ("HKAS 39"). It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an "ECL model" for the impairment of financial assets.

When adopting HKFRS 9, the Group has applied transitional relief and opted not to restate prior periods. The Group has recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2018. Therefore, comparative information continues to be reported under HKAS 39.

Classification and measurement of financial assets and financial liabilities

On 1 January 2018, the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate categories of HKFRS 9.

HKFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL"). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVTPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

Upon the adoption of HKFRS 9, the classification and measurement of financial assets depends on two assessments: the financial asset's contractual cash flow characteristics and the entity's business model for managing the financial asset. As at 1 January 2018, the directors of the Group reviewed and assessed the Group's existing financial assets and liabilities for classification and measurement in accordance with the requirements of HKFRS 9. The results of the assessment and the impact thereof are detailed below.

3. ADOPTION OF NEW AND AMENDED HKFRSs AND CHANGES IN ACCOUNTING POLICIES *(Continued)*

New and amended HKFRSs that are effective for annual periods beginning on or after 1 January 2018 *(Continued)*

HKFRS 9 "Financial Instruments" ("HKFRS 9") *(Continued)*

Impairment of financial assets

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the ECL model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

As at 1 January 2018, the directors of the Group reviewed and assessed the Group's existing financial assets measured at amortised cost for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. The results of the assessment and the impact thereof are detailed below.

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the impact of financial assets under HKFRS 9 at the date of initial application, at 1 January 2018.

	Other non-current financial assets					
	Financial assets at fair value through profit or loss *RMB'000*	Available-for-sale financial assets *RMB'000*	Deferred tax assets *RMB'000*	Trade and other receivables *RMB'000*	Retained earnings *RMB'000*	Non-controlling interests *RMB'000*
Carrying amount at 31 December 2017 — under HKAS 39 (as restated)	–	123,000	304,057	2,201,354	902,553	397,262
Effect arising from initial application of HKFRS 9:						
— unlisted equity security	63,600	(63,000)	(150)	–	450	–
— subordinated tranche securities	28,820	(50,000)	–	–	–	–
— unlisted investment fund	10,000	(10,000)	–	–	–	–
— impairment under ECL model	–	–	1,053	(4,223)	(3,003)	(167)
Carrying amount at 1 January 2018 under HKFRS 9	102,420	–	304,960	2,197,131	900,000	397,095

3. ADOPTION OF NEW AND AMENDED HKFRSs AND CHANGES IN ACCOUNTING POLICIES *(Continued)*

<u>New and amended HKFRSs that are effective for annual periods beginning on or after 1 January 2018</u> *<u>(Continued)</u>*

HKFRS 9 "Financial Instruments" ("HKFRS 9") *(Continued)*

<u>Summary of effects arising from initial application of HKFRS 9 (Continued)</u>

The Group had an unlisted investment fund, unlisted equity security and subordinated tranche securities which were classified as available-for-sale financial assets stated at cost less impairment under previous accounting standard HKAS 39. They do not meet the HKFRS 9 criteria for classification at amortised cost, because their cash flows do not represent solely payments of principal and interest. Therefore, the unlisted investment funds, unlisted equity security and subordinated tranche securities are classified as financial assets measured at FVTPL. Any changes in the fair value are charged to profit or loss. As a result of the adoption of HKFRS 9, the unlisted investment fund, unlisted equity securities and subordinated tranche securities have been measured at fair value as at 1 January 2018. Other than that, there were no material impact on other financial instruments.

The Group applies the HKFRS 9 simplified approach to measure ECL which use a lifetime ECL for all trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics.

Loss allowances for other financial assets at amortised cost mainly comprise other receivables, amount due from related companies, amounts due from non-controlling interests, cash at banks and on hand are measured on 12-month ECL basis and there had been no significant increase in credit risk since initial recognition.

For other receivables, the management of the Group makes periodic collective as well as individual assessment on the recoverability based on historical settlement records, past experience and forward-looking information.

For cash and cash equivalents, the Group only transacts with reputable banks with high credit ratings assigned by international credit-rating agencies. There has been no recent history of default in relation to these banks. The ECL is not material.

As at 1 January 2018, based on assessment made by the management of the Group for trade and other receivables, the additional credit loss allowance of RMB4,223,000 and addition deferred tax assets of RMB1,053,000 have been recognised against retained earnings of RMB3,003,000 and non-controlling interests of RMB167,000. The additional loss allowance is charged against trade and other receivables.

3. ADOPTION OF NEW AND AMENDED HKFRSs AND CHANGES IN ACCOUNTING POLICIES *(Continued)*

New and amended HKFRSs that are effective for annual periods beginning on or after 1 January 2018 *(Continued)*

HKFRS 15 "Revenue from Contracts with Customers" ("HKFRS 15")

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract liability account balances between periods and key judgements and estimates. The Group has elected to use the cumulative effect transition method and has recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2018. Therefore, comparative information has not been restated and continues to be reported under HKAS 18 "Revenue" ("HKAS 18"). As allowed by HKFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 January 2018.

The following table summaries the impact of transition to HKFRS 15 on retained earnings and the related items at 1 January 2018.

	Deferred tax assets *RMB'000*	Other contract costs *RMB'000*	Inventories of properties *RMB'000*	Advance received from the pre-sale of properties under development and properties held for sale *RMB'000*	Contract liabilities *RMB'000*	Retained earnings *RMB'000*	Non-controlling interests *RMB'000*
Carrying amount at 31 December 2017 — under HKAS 18 (restated)	304,057	–	23,248,164	6,184,791	–	902,553	397,262
Effect arising from initial application of HKFRS 15:							
— capitalisation of sales commissions	(16,716)	66,862	–	–	–	44,587	5,559
— contract liabilities	–	–	–	(6,184,791)	6,184,791	–	–
— significant financing component	–	–	66,271	–	66,271	–	–
Carrying amount at 1 January 2018 under HKFRS 15	287,341	66,862	23,314,435	–	6,251,062	947,140	402,821

3. ADOPTION OF NEW AND AMENDED HKFRSs AND CHANGES IN ACCOUNTING POLICIES *(Continued)*

New and amended HKFRSs that are effective for annual periods beginning on or after 1 January 2018 *(Continued)*

HKFRS 15 "Revenue from Contracts with Customers" ("HKFRS 15") *(Continued)*

Further details of the nature and effect of the changes on previous accounting policies are set out below:

Timing of revenue recognition

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

a. When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

b. When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced; or

c. When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the Group recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs. The adoption of HKFRS 15 does not have a significant impact on when the Group recognises revenue from rental services, property management services, entrusted construction services and smart construction services contracts.

The Group's property development activities are mainly carried out in PRC. Taking into account the contract terms, the Group's business practice and the legal and regulatory environment of PRC, the property sales contracts do not meet the criteria for recognising revenue over time and therefore revenue from property sales to be recognised at a point in time. Under the transfer-of-control approach in HKFRS 15, revenue from property sales is generally recognised when the legal assignment is completed, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property. The initial application of HKFRS 15 has no material impact on the timing of revenue recognised for contracts from property development in the PRC in the respective reporting periods upon its initial adoption.

3. ADOPTION OF NEW AND AMENDED HKFRSs AND CHANGES IN ACCOUNTING POLICIES *(Continued)*

New and amended HKFRSs that are effective for annual periods beginning on or after 1 January 2018 *(Continued)*

HKFRS 15 "Revenue from Contracts with Customers" ("HKFRS 15") *(Continued)*

Significant financing component

HKFRS 15 requires an entity to adjust the transaction price for the time value of money when a contract contains a significant financing component, regardless of whether the payments from customers are received significantly in advance of revenue recognition or significantly deferred.

Where payment schemes include a significant financing component, the transaction price is adjusted to separately account for this component. In the case of payments in advance, such adjustment results in interest expense being accrued by the Group to reflect the effect of the financing benefit obtained by the Group from the customers during the period between the payment date and the completion date of legal assignment. This accrual increases the amount of the contract liabilities during the period of construction, and therefore increases the amount of revenue recognised when control of the completed property is transferred to the customer. The interest is expensed as accrued unless it is eligible to be capitalised under HKAS 23 "Borrowing Costs".

As a result of this change in policy, the Group has made adjustments which increased inventories of properties and contract liabilities by approximately RMB66,271,000 at 1 January 2018. As all of the accrued interest was eligible to be capitalised into projects still under construction, this change in policy has had no effect on retained earnings as at 1 January 2018.

Sales commissions payable related to property sales contracts

The Group recognises the incremental costs of obtaining a contract with a customer within other contract costs if the Group expects to recover those costs.

As a result of this change in accounting policy, the Group has capitalised sales commissions payable related to property sales contracts amounting to RMB66,862,000, decreased deferred tax assets by RMB16,716,000, increased retained earnings by RMB44,587,000 and increased non-controlling interests by RMB5,559,000 at 1 January 2018.

Presentation of contract liabilities

Under HKFRS 15, a contract liability is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue.

Reclassifications were made as at 1 January 2018 to be consistent with the terminology used under HKFRS 15 that contract liabilities recognised in relation to property development activities were previously presented as advances received from the pre-sale of properties under development and properties held for sale. "Advances received form pre-sale of properties under development and properties held for sale" amounting to RMB6,184,791,000 were reclassified to contract liabilities.

3. ADOPTION OF NEW AND AMENDED HKFRSs AND CHANGES IN ACCOUNTING POLICIES *(Continued)*

New and amended HKFRSs that are effective for annual periods beginning on or after 1 January 2018 *(Continued)*

HKFRS 15 "Revenue from Contracts with Customers" ("HKFRS 15") *(Continued)*

Disclosure of the estimated impact on the amounts reported in respect of the year ended 31 December 2018 as a result of the adoption of HKFRS 15 on 1 January 2018

The following tables summarise the estimated impact of adoption of HKFRS 15 on the Group's consolidated financial statements for the year ended 31 December 2018, by comparing the amounts reported under HKFRS 15 in the consolidated financial statements with estimates of the hypothetical amounts that would have been recognised under HKAS 18 if those superseded standards had continued to apply to 2018 instead of HKFRS 15. These tables show only those line items impacted by the adoption of HKFRS 15:

	Amounts reported in accordance with HKFRS 15 (A) *RMB'000*	Hypothetical amounts under HKAS 18 (B) *RMB'000*	Difference: Estimated impact of adoption of HKFRS 15 on 2018 (A)–(B) *RMB'000*
Line items in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2018 impacted by the adoption of HKFRS 15:			
Revenue	**12,371,415**	**12,121,722**	**249,693**
Cost of sales	**(8,256,257)**	**(8,010,204)**	**(246,053)**
Gross profit	**4,115,158**	**4,111,518**	**3,640**
Selling expenses	**(595,617)**	**(656,391)**	**60,774**
Profit before income tax	**3,089,761**	**3,025,346**	**64,415**
Income tax expense	**(1,511,859)**	**(1,495,755)**	**(16,104)**
Profit for the year	**1,577,902**	**1,529,591**	**48,311**
Profit for the year attributable to			
— Equity holders of the Company	**1,420,446**	**1,381,801**	**38,645**
— Non-controlling interests	**66,487**	**56,821**	**9,666**
Total comprehensive income for the year	**1,580,101**	**1,531,790**	**48,311**
Total comprehensive income for the year attributable to			
— Equity holders of the Company	**1,422,934**	**1,384,289**	**38,645**
— Non-controlling interests	**66,198**	**56,532**	**9,666**
Earnings per share for profit attributable to the equity holders of the Company			
— Basic	**RMB1.93**	**RMB1.88**	**RMB0.05**
— Diluted	**RMB1.85**	**RMB1.80**	**RMB0.05**

3. **ADOPTION OF NEW AND AMENDED HKFRSs AND CHANGES IN ACCOUNTING POLICIES** *(Continued)*

New and amended HKFRSs that are effective for annual periods beginning on or after 1 January 2018 *(Continued)*

HKFRS 15 "Revenue from Contracts with Customers" ("HKFRS 15") *(Continued)*

Disclosure of the estimated impact on the amounts reported in respect of the year ended 31 December 2018 as a result of the adoption of HKFRS 15 on 1 January 2018 (Continued)

	Amounts reported in accordance with HKFRS 15 (A) *RMB'000*	Hypothetical amounts under HKAS 18 (B) *RMB'000*	Difference: Estimated impact of adoption of HKFRS 15 on 2018 (A)–(B) *RMB'000*
Line items in the consolidated statement of financial position as at 31 December 2018 impacted by the adoption of HKFRS 15:			
Deferred tax assets	873,924	906,743	(32,819)
Non-current assets	4,516,519	4,549,338	(32,819)
Inventories of properties and other contract costs	49,933,592	49,650,769	282,823
Current assets	58,258,435	57,975,612	282,823
Total assets	62,774,954	62,524,951	250,003
Advance received from the pre-sale of properties under development and properties held for sale	–	(12,933,405)	12,933,405
Contract liabilities	(13,084,951)	-	(13,084,951)
Current liabilities	(25,496,517)	(25,344,972)	(151,545)
Net current assets	32,761,918	32,630,641	131,277
Total assets less current liabilities	37,278,437	37,179,979	98,458
Total liabilities	(52,170,908)	(52,019,363)	(151,545)
Net assets	10,604,046	10,505,588	98,458
Reserves	(6,032,490)	(5,982,343)	(50,147)
Equity attributable to the equity holders of the Company	(6,094,022)	(6,132,667)	38,645
Non-controlling interests	(4,510,024)	(4,519,690)	9,666
Total equity	(10,604,046)	(10,652,357)	48,311

The significant differences arise as a result of the changes in accounting policies described above.

4. REVENUE

Revenue from the Group's principal activities recognised during the year is as follows:

	2018	2017
	RMB'000	*RMB'000*
		(Restated — Note 2)
Sales of properties	**11,516,938**	4,143,402
Commercial assets management income *(Note i)*	**166,082**	143,227
Entrusted construction services income	**149,005**	51,711
Smart construction services income	**15,566**	21,173
Property management income	**523,824**	419,333
	12,371,415	4,778,846

Notes:

(i) Commercial assets management income mainly comprises rental income from property leasing of RMB138,365,000 (2017: RMB113,843,000 (restated)), which does not fall within the scope of HKFRS 15, and building management income of RMB24,113,000 (2017: RMB10,644,000 (restated)).

(ii) The Group has initially applied HKFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated and has prepared in accordance with HKAS 18 (see note 3).

5. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

The Group has five reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. All inter-segment transfers, if any, are carried out at arm's length prices. The following summary describes the operations in each of the Group's reportable segments:

Property development	—	Construction and sales of residential units, commercial shops and car parking spaces;
Property management services	—	Rendering of property management services (*Note*);
Commercial assets management	—	Leasing of commercial units, residential units and commercial shops and rendering of building management services;
Entrusted construction services	—	Rendering of management and construction services; and
Smart construction services	—	Rendering of smart construction services.

Note: The Group had acquired a new business segment, "Property management services" from the business combination under common control. The comparative segment information has been restated accordingly.

Inter-segment transactions are priced with reference to prices charged to external parties for similar order. Certain revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segment's profit that is used by the chief operating decision-maker for assessment of segment performance.

These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

5. SEGMENT INFORMATION *(Continued)*

Segment revenue and results

	Property development RMB'000	Commercial assets management RMB'000	Property management services RMB'000	Entrusted construction services RMB'000	Smart construction services RMB'000	Total RMB'000
Year ended 31 December 2018						
Disaggregated by timing of revenue recognition:						
— Point in time	**11,516,938**	**–**	**–**	**–**	**–**	**11,516,938**
— Over time	**–**	**169,478**	**592,156**	**149,005**	**15,566**	**926,205**
	11,516,938	**169,478**	**592,156**	**149,005**	**15,566**	**12,443,143**
Inter-segment revenue	**–**	**(3,396)**	**(68,332)**	**–**	**–**	**(71,728)**
Revenue to external customers	**11,516,938**	**166,082**	**523,824**	**149,005**	**15,566**	**12,371,415**
Reportable segment profit before income tax	**2,828,896**	**70,983**	**55,072**	**140,976**	**1,419**	**3,097,346**
Other segment information:						
Interest income	**90,219**	**1,126**	**63,039**	**40**	**2**	**154,426**
Interest expense	**390,122**	**10,156**	**61,914**	**7,150**	**–**	**469,342**
Amortisation of land use rights	**–**	**3,620**	**–**	**–**	**–**	**3,620**
Gain on changes in fair value of investment properties	**–**	**5,309**	**–**	**–**	**–**	**5,309**
Depreciation of property, plant and equipment	**1,372**	**14,984**	**2,329**	**2**	**4**	**18,691**
Impairment allowance on trade and other receivables	**3,158**	**709**	**154**	**5**	**266**	**4,292**
Provision for inventories of properties	**48,335**	**–**	**–**	**–**	**–**	**48,335**
Year ended 31 December 2017 (restated)						
Disaggregated by timing of revenue recognition:						
— Point in time	4,143,402	–	–	–	–	4,143,402
— Over time	–	146,151	421,138	51,711	21,173	640,173
	4,143,402	146,151	421,138	51,711	21,173	4,783,575
Inter-segment revenue	–	(2,924)	(1,805)	–	–	(4,729)
Revenue from external customers	4,143,402	143,227	419,333	51,711	21,173	4,778,846
Reportable segment profit before income tax	917,766	81,815	29,805	47,358	8,363	1,085,107
Other segment information:						
Interest income	14,861	1,253	46	16	2	16,178
Interest expense	185,739	–	–	–	–	185,739
Amortisation of land use rights	–	3,620	–	–	–	3,620
Gain on changes in fair value of investment properties	–	9,330	–	–	–	9,330
Depreciation of property, plant and equipment	320	14,107	2,067	–	–	16,494
Impairment allowance on trade and other receivables	–	57	–	–	–	57

5. **SEGMENT INFORMATION** *(Continued)*

Segment assets and liabilities

	Property development *RMB'000*	Commercial assets management *RMB'000*	Property management services *RMB'000*	Entrusted construction service *RMB'000*	Smart construction service *RMB'000*	Total *RMB'000*
As at 31 December 2018						
Reportable segment assets	**61,160,099**	**1,425,067**	**99,006**	**7,713**	**10,016**	**62,701,901**
Reportable segment liabilities	**(50,232,426)**	**(547,754)**	**(1,359,584)**	**(7,931)**	**(4,986)**	**(52,152,681)**
Other segment information:						
Additions to non-current assets (other than financial instruments and deferred tax assets) during the year	**19,857**	**592,933**	**4,926**	**70**	**6**	**617,792**
Interests in associates	**1,765,066**	**–**	**–**	**–**	**–**	**1,765,066**
As at 31 December 2017 (restated)						
Reportable segment assets	32,967,406	805,976	87,646	18,293	4,895	33,884,216
Reportable segment liabilities	(28,419,454)	(218,841)	(17,396)	(50,765)	(4,146)	(28,710,602)
Other segment information:						
Additions to non-current assets (other than financial instruments and deferred tax assets) during the year	18,583	3,971	2,040	–	–	24,594
Interests in associates	214,535	–	–	–	–	214,535

Note: The Group has initially applied HKFRS 15 using the accumulative effect method. Under this method, the comparative information is not restated and has prepared in accordance with HKAS 18 (see note 3).

5. **SEGMENT INFORMATION** *(Continued)*

Segment assets and liabilities *(Continued)*

The reconciliations between the Group's operating segments and the Group's key financial figures are as follows:

	2018	2017
	RMB'000	*RMB'000*
		(Restated)
Reportable segment revenue	**12,443,143**	4,783,575
Inter-segment revenue elimination	**(71,728)**	(4,729)
Consolidated revenue to external customers	**12,371,415**	4,778,846
Reportable segment profit before income tax	**3,097,346**	1,085,107
Unallocated interest income	**12**	403
Unallocated interest expenses	**(48,120)**	(86)
Unallocated share of losses of associates	**(1,811)**	(954)
Unallocated share of profits of joint venture	**4,128**	–
Unallocated income and expenses	**38,840**	(13,434)
Unallocated depreciation	**(634)**	(559)
Consolidated profit before income tax	**3,089,761**	1,070,477
Reportable segment assets	**62,701,901**	33,884,216
Unallocated associates	**11,185**	12,995
Unallocated joint venture	**45,405**	46,747
Unallocated deferred tax assets	**786**	39
Unallocated corporate assets	**15,677**	77,527
Total consolidated assets	**62,774,954**	34,021,524
Reportable segment liabilities	**(52,152,681)**	(28,710,602)
Unallocated taxation liabilities	**–**	(506)
Unallocated deferred tax liabilities	**–**	(793)
Unallocated withholding tax liabilities	**(14,633)**	(14,633)
Unallocated corporate liabilities	**(3,594)**	(9,850)
Total consolidated liabilities	**(52,170,908)**	(28,736,384)

Segment assets consist primarily of property, plant and equipment, investment properties, land use rights, interests in associates, other non-current financial assets, deposits for acquisitions of land use rights, inventories of properties and other contract costs, trade and other receivables, amounts due from non-controlling interests, cash at banks and on hand and prepaid taxes.

Segment liabilities consist primarily of advances received from the pre-sale of properties under development and properties held for sale, contract liabilities, trade and other payables, loans from intermediate holding companies, amounts due to non-controlling interests and related companies, interest-bearing borrowings, receipts under securitisation arrangements and deferred tax liabilities.

5. **SEGMENT INFORMATION** *(Continued)*

Segment assets and liabilities *(Continued)*

As chief operating decision-maker of the Group considers most of the Group's revenue and results are attributable to the market in the PRC, the Group's assets are substantially located inside the PRC, no geographical information is presented.

For the years ended 31 December 2018 and 2017, the Group did not depend on any single customer under each of the segments, no single customer with whom transactions have exceeded 10% of the Group's revenue.

6. OTHER NET GAIN

	2018	2017
	RMB'000	*RMB'000* (Restated)
Interest income from:		
— banks	**85,144**	16,508
— loans to associates	**35,069**	73
— financial assets at amortised cost	**11,480**	–
— others	**22,745**	–
	154,438	16,581
Compensation income	**11,733**	8,484
Gain on changes in fair value of financial assets measured at FVTPL	**12,890**	–
Gain on disposal of investment properties	**–**	2,150
Gain on disposal of a subsidiary	**8,828**	–
Sundry income	**21,988**	19,721
	209,877	46,936

7. FINANCE COSTS

	2018	2017
	RMB'000	*RMB'000* (Restated)
Interest charges on:		
— Bank borrowings	**685,061**	173,610
— Loans from intermediate holding companies	**840,175**	464,976
— Amounts due to non-controlling interests	**164,355**	45,456
— Receipts under securitisation arrangements	**179,812**	5,906
— Significant financing component of contract liabilities	**334,968**	–
Total borrowing costs	**2,204,371**	689,948
Less: Interest capitalised	**(1,686,909)**	(504,123)
	517,462	185,825

7. FINANCE COSTS *(Continued)*

Borrowing costs have been capitalised at various applicable rates ranging from 4.35% to 7.3% per annum (2017: 4.51% to 8% per annum (restated)).

8. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):

	2018	2017
	RMB'000	*RMB'000*
		(Restated)
Amortisation of land use rights	**3,620**	3,620
Auditor's remuneration	**1,127**	773
Cost of properties sold	**7,446,361**	2,708,126
Depreciation of property, plant and equipment	**19,325**	17,053
Written off of property, plant and equipment	**1,113**	437
Impairment loss on trade and other receivables	**4,292**	57
Net foreign exchange gain	**(6,213)**	(1,862)
Operating lease charges	**19,074**	16,663
Outgoings in respect of investment properties that generated rental income	**2,002**	4,038
Provision for inventories of properties and other contract costs	**48,335**	–

Note: The Group has initially applied HKFRS 15 and HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated, see note 3.

9. INCOME TAX EXPENSE

	2018	2017
	RMB'000	*RMB'000*
		(Restated)
Current income tax		
PRC corporate income tax		
— Current year	**1,023,672**	481,794
— Over provision in respect of prior years	**(1,388)**	(45)
	1,022,284	481,749
PRC land appreciation tax ("LAT")	**967,392**	257,640
	1,989,676	739,389
Deferred tax	**(477,817)**	(271,960)
Total income tax expense	**1,511,859**	467,429

9. INCOME TAX EXPENSE *(Continued)*

Notes:

(a) Hong Kong profits tax

No Hong Kong profits tax has been provided as the Group did not derive any assessable profit arising in Hong Kong during the years ended 31 December 2018 and 2017.

(b) PRC corporate income tax

The income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

PRC corporate income tax has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (2017: 25%) for the year ended 31 December 2018.

(c) PRC LAT

Under the Provisional Rules on LAT Implementation Rules of the PRC implemented on 27 January 1995, all gains from the sales or transfer of land use rights, buildings and their attached facilities in the PRC are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including cost of land use rights, borrowing costs, business tax and all property development expenditures. There are certain exemptions available for the sale of ordinary residential properties if the appreciation values do not exceed 20% of the total deductible items (as defined in the relevant PRC tax laws). Sales of commercial properties are not eligible for such an exemption.

(d) PRC withholding income tax

Pursuant to the Detailed Implementation Regulations for implementation of the new CIT Law issued on 6 December 2007, a 10% withholding income tax shall be levied on the dividends remitted by the companies established in the PRC to their foreign investors starting from 1 January 2008. Dividends coming from the profits generated by the PRC companies after 1 January 2008 shall be subject to this withholding income tax.

(e) Cayman Islands corporate tax

Pursuant to the rules and regulations of Cayman Islands, the Group is not subject to any corporate tax in Cayman Islands for the years ended 31 December 2018 and 2017.

(f) British Virgin Islands profits tax

Pursuant to the rules and regulations of the BVI, the Group is not subject to any income tax in the BVI for the years ended 31 December 2018 and 2017.

(g) Australia profits tax

No Australia profits tax has been provided as the Group did not derive any assessable profit arising in Australia during the years ended 31 December 2018 and 2017.

10. DIVIDENDS

(a) Dividends attributable to the year

	2018	2017
	RMB'000	*RMB'000*
Proposed final dividend of HK$1.20 dollars per ordinary share (2017: HK$0.30 dollars)	**772,667**	180,618

The final dividend proposed after the reporting date has not been recognised as a liability at the reporting date.

(b) Dividends attributable to the previous financial year, approved and paid during the year

	2018	2017
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, of HK$0.30 dollars per ordinary share (2017: HK$0.10 dollars)	**180,618**	37,737

11. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by adjusting the profit for the year attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2018	2017
	RMB'000	*RMB'000*
		(Restated)
Profit for the year attributable to the equity holders of the Company	**1,420,446**	527,813
Distributions to holders of perpetual convertible bond	**–**	(13,902)
Profit used to determine basic earnings per share	**1,420,446**	513,911
Weighted average number of ordinary shares in issue (thousands)	**734,865**	434,585
Earnings per share (expressed in RMB per share)	**RMB1.93**	RMB1.18

11. EARNINGS PER SHARE *(Continued)*

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: perpetual convertible bond. The perpetual convertible bond is assumed being converted into ordinary shares.

	2018 ***RMB'000***	2017 *RMB'000* (Restated)
Profit for the year attributable to the equity holders of the Company	**1,420,446**	527,813
Weighted average number of ordinary shares for the purpose of basic earnings per share (thousands)	**734,865**	434,585
Effect of dilutive potential ordinary shares:		
Perpetual convertible bond	**30,943**	89,977
Weighted average number of ordinary shares in issue (thousands)	**765,808**	524,562
Earnings per share (expressed in RMB per share)	**RMB1.85**	RMB1.01

12. INVENTORIES OF PROPERTIES AND OTHER CONTRACT COSTS

	31 December 2018 ***RMB'000***	**1 January 2018** ***RMB'000*** *(Note)*	31 December 2017 *RMB'000* (Restated)
Inventories of properties			
Properties under development *(note a)*	**48,070,624**	**22,593,693**	22,527,422
Properties held for sale *(note a)*	**1,731,691**	**720,742**	720,742
	49,802,315	**23,314,435**	23,248,164
Other contract costs *(note b)*	**131,277**	**66,862**	–
	49,933,592	**23,381,297**	23,248,164
Inventories of properties	**49,850,650**	**23,314,435**	23,248,164
Less: Provision for inventories	**(48,335)**	**–**	–
	49,802,315	**23,314,435**	23,248,164

Note: The Group has initially applied HKFRS 15 at 1 January 2018. Under the transition methods chosen comparative information is not restated, see note 3.

12. INVENTORIES OF PROPERTIES AND OTHER CONTRACT COSTS *(Continued)*

(a) Inventories of properties

The properties under development and properties held for sale are located in the PRC and Australia. The relevant land use rights are on leases of 40 to 70 years.

As at 31 December 2018, the carrying amount of properties under development of RMB10,876,658,000 (2017: RMB8,445,357,000 (restated)) have been pledged to banks to secure the Group's bank borrowings.

As at 31 December 2018, properties under development amounted to approximately RMB11,311,919,000 (2017: RMB10,014,176,000 (restated)) were expected to be completed and available for sale to the customers more than twelve months from the reporting date.

The properties held for sale and properties under development of the Group are located as follows:

	2018 ***RMB'000***	2017 *RMB'000* (Restated)
Properties under development		
— PRC	**48,009,480**	22,468,492
— Australia	**61,144**	58,930
	48,070,624	22,527,422
Properties held for sale		
— PRC	**1,731,691**	720,742
	1,731,691	720,742
	49,802,315	23,248,164

(b) Other contract costs

Contract costs capitalised as at 31 December 2018 relate to the incremental sales commissions paid to property agents whose selling activities resulted in customers entering into sale and purchase agreements for the Group's properties which are still under construction at the reporting date. Contract costs are recognised as part of "selling expenses" in the consolidated statement of profit or loss and other comprehensive income in the period in which revenue from the related property sales is recognised. The amount of capitalised costs recognised in profit or loss during the year was RMB25,777,000. There was no impairment in relation to the opening balance of capitalised costs or the costs capitalised during the year.

In the comparative period, such sales commissions were recognised as "selling expenses" when incurred and therefore an opening balance adjustment was made on 1 January 2018 in this regard (see note 3).

The Group applies the practical expedient in paragraph 94 of HKFRS 15 and recognises the incremental costs of obtaining contracts relating to the sale of completed properties and services as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is within the same reporting period as the date of entering into the contract.

The amount of capitalised contract costs that is expected to be recovered after one year is RMB52,093,000.

13. TRADE AND OTHER RECEIVABLES

	2018	2017
	RMB'000	*RMB'000*
		(Restated)
Trade receivables		
From third parties	**71,155**	102,680
Less: loss allowance	**(3,606)**	(143)
	67,549	102,537
Other receivables		
Deposits	**57,557**	31,210
Prepayments	**34,654**	42,754
Other receivables	**247,129**	86,072
Prepayments for proposed development projects *(note)*	**1,407,972**	1,891,068
Value-added-tax receivables	**583,834**	47,713
	2,331,146	2,098,817
Less: Loss allowance	**(5,052)**	–
	2,326,094	2,098,817
	2,393,643	2,201,354

Note: The Group has entered into several contractual arrangements with independent third parties in respect of the proposed acquisitions of to acquire equity interests in certain PRC entities, which own land use rights or property development projects in the PRC.

As initial application of HKFRS 9, loss allowance for trade and other receivables of RMB4,223,000 with addition deferred tax assets of RMB1,053,000 have been recognised against retained earnings of RMB3,003,000 and non-controlling interests of RMB167,000 as at 1 January 2018.

The directors of the Group considered that the fair values of trade and other receivables are not materially different from their carrying amounts because these amounts have short maturity periods on their inception.

Trade receivables generally have credit terms of 30 days. Trade receivables in respect of sales of properties are settled in accordance with the terms stipulated in the sale and purchase agreements. For the trade receivables derived from rental income, building management fee income, entrusted services income and smart construction services income, the income is paid in accordance with the terms of the respective agreements and the balance is due on presentation.

13. TRADE AND OTHER RECEIVABLES *(Continued)*

Based on the invoice dates, the ageing analysis of the trade receivables, net of loss allowance, is as follows:

	2018	2017
	RMB'000	*RMB'000*
		(Restated)
0–30 days	**62,353**	101,338
31–90 days	**715**	727
91–180 days	**351**	245
181–365 days	**135**	63
Over 1 year	**3,995**	164
	67,549	102,537

Movements of the Group's loss allowance on trade receivables are as follows:

	RMB'000
At 1 January 2017	86
Provision for impairment	57
At 31 December 2017	143
Impact on initial application of HKFRS 9 *(note 3)*	2,557
At 1 January 2018 (adjusted)	2,700
Provision for impairment	906
At 31 December 2018	3,606

Movements of the Group's loss allowance on other receivables are as follows:

At 31 December 2017	–
Impact on initial application of HKFRS 9 *(note 3)*	1,666
At 1 January 2018 (adjusted)	1,666
Provision for impairment	3,386
At 31 December 2018	5,052

At each reporting date, the Group reviews receivables for evidence of impairment on both individual and collective basis. The Group applies the simplified approach on trade receivables and 12-month ECL method on other receivable to provide for ECL prescribed by HKFRS 9. During the year ended 31 December 2018, the Group has made provision of impairment for trade receivables and other receivables of approximately RMB906,000 and RMB3,386,000 respectively (2017: RMB57,000 and Nil).

14. TRADE AND OTHER PAYABLES

	2018	2017
	RMB'000	*RMB'000*
		(Restated)
Trade payables	**3,293,017**	831,250
Other payables		
Receipts in advances and other payables	**265,290**	286,186
Interest payable	**107,890**	8,896
Salaries payable	**245,721**	207,077
Value-added-tax payable	**150,362**	35,700
Deposits received	**171,493**	146,223
Accrued expenses	**61,344**	157,020
Collection and payment on behalf of others	**142,200**	81,431
	1,144,300	922,533
	4,437,317	1,753,783

The carrying values of trade and other payables are considered to be a reasonable approximation of their fair values.

The credit terms of trade payables vary according to the terms agreed with different suppliers. Included in trade payables are trade creditors with the following ageing analysis, based on invoice dates, as of the reporting date:

	2018	2017
	RMB'000	*RMB'000*
		(Restated)
0–30 days	**2,929,033**	761,433
31–60 days	**14,691**	198
61–90 days	**43,213**	271
Over 90 days	**306,080**	69,348
	3,293,017	831,250

15. SHARE CAPITAL

	Number of shares	Amount *RMB'000*
Authorised:		
Ordinary shares of HK$0.1 each *(note a)*		
At 31 December 2017	**1,000,000,000**	81,055
At 31 December 2018	**3,000,000,000**	254,870
Issued and fully paid:		
At 1 January 2017	**428,000,000**	35,219
Issue of new shares *(note b)*	**196,000,000**	16,494
Conversion of perpetual convertible bond *(note c)*	**110,864,745**	9,819
At 31 December 2017, 1 January 2018 and 31 December 2018	**734,864,745**	61,532

Notes:

(a) Pursuant to the ordinary resolution passed by the shareholders of the Company at the Company's extraordinary general meeting held on 9 July 2018, the authorised share capital of the Company was increased from HK$100,000,000 to HK$300,000,000 divided into 3,000,000,000 shares (2017: 1,000,000,000 shares) of HK$0.1 each.

(b) On 22 December 2017, the Company completed the placing of 196,000,000 ordinary shares of HK$0.1 each at a placing price of HK$4.51 per share under general mandate with total proceed of HK$883,960,000 (equivalent to RMB743,854,000), giving rise to an increase of share premium of approximately RMB727,360,000. Share issuance expenses directly attributable to the issue of new shares amounting to RMB693,000 was treated as a deduction against the share premium account.

(c) On 1 March 2017, the Company issued perpetual convertible bond with an aggregate principal of HK$500,000,000 (equivalent to RMB442,850,000) to Well Land under specific mandate for repayment of loans from the shareholder as set out in the announcements dated 4 December 2016 and 1 March 2017 and the circular dated 26 January 2017.

The perpetual convertible bond did not have a fixed maturity date and may be converted into new ordinary shares of the Company at any time at the option of Well Land at an agreed conversion price subject to certain anti-dilutive adjustments.

On 18 May 2017, the conversion price has been adjusted from HK$4.60 to HK$4.51 per conversion share and the total number of new shares convertible from 108,695,652 to 110,864,745 pursuant to applicable provisions in respond to the dividend payment of HK$0.1 per ordinary share approved by the shareholders of the Company on 16 May 2017 as set out in the announcement dated 25 May 2017.

The perpetual convertible bond borne a coupon rate of 4% per annum and requires annual distribution payment to Well Land on distribution payment date.

The Company may choose to defer payments in whole or in part at its sole discretion within certain accumulated limits by giving notice in advance to Well Land.

15. SHARE CAPITAL *(Continued)*

Notes: (Continued)

(c) *(Continued)*

The Company may redeem in whole the outstanding perpetual convertible bond: (1) on written consent by Well Land; (2) at a mutually agreed price; and (3) on the ending date of the third year from the issue date or on any distribution payment date after three years from the issue date.

As the perpetual convertible bond borne no obligation of principal repayment and the Company has a deferral option for the distributions, the perpetual convertible bond does not apply to the definition for classification of financial liabilities. Consequently, the perpetual convertible bond is classified as an equity instrument and the distribution if and when declared is treated as equity dividends.

On 28 December 2017, Well Land exercised the conversion rights with conversion of 110,864,745 shares. The price of HK$4.51 per share, giving rise to an increase of share premium of approximately RMB433,031,000. Distributions to holders of perpetual convertible bond amounting to RMB13,902,000 was treated as a deduction against the share premium account.

16. PERPETUAL BONDS

As at 1 January 2017, a subsidiary of the Group has issued perpetual bonds with an aggregate principal of RMB2,000,000,000 to independent third parties.

The bonds are initial repriced in 3 interest-accruing years, and at the end of the repricing cycle, the issuer has the option to extend the bonds for another 1 year repricing cycle without any limitation with respect to the number of deferrals or redeem them in full.

The bonds offer no redemption option to the investors so that investors cannot require the issuer to redeem their bonds during the duration of the bonds.

The issuer has the option to defer interest payment, so that at each interest payment date, the issuer may choose to defer the interest payment to the next payment date for the current period as well as all interests and accrued interests already deferred according to the related terms, without any limitation with respect to the number of deferrals.

The perpetual bonds are classified as equity instruments, as there is no maturity of the instruments and the payments of distribution can be deferred into perpetuity at the discretion of the Group.

The bonds bear a coupon rate of 4.75% per annum. During the years ended 31 December 2017 and 2018, distributions to holders of perpetual bonds amounting to RMB96,320,000 (restated) and RMB90,969,000 were paid respectively.

During the year ended 31 December 2018, the perpetual bonds of RMB2,000,000,000 were fully redeemed.

17. COMPARATIVE FIGURES

As explained in note 2, the comparative information is restated and certain comparative figures in the consolidated financial statements were reclassified to conform to the current year's presentation.

The Group has initially applied HKFRS 15 and HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 3.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

The robust rebound of global economic growth experienced in 2017 did not continue into 2018. Few economies such as the United States managed to accelerate its growth and had been exempted from the global plunge in economic growth. Meanwhile, the world economy was disturbed by trade wars initiated by the United States and constant geo-political conflicts. China's economy was "generally stable with steady growth". The implementation of supply-side structural reform has been further deepened and while China intensified its efforts on the "Open-door" policies, both domestic and overseas uncertainties increased the pressure on the downward economic growth.

In 2018, under the guiding policies of "no speculation of residential properties", China's directives on real estate industry changed from "to curb the market" to "to stabilize the market". Sales of commodity properties and land transactions declined during the Year as the market's expectation became more rational.

In order to make proactive responses to the macro-economic landscape as well as the opportunities and challenges brought by the changes in policies on real estate industry, the Company has positioned itself as "an integrated service provider in real estate development and real estate industrial chain services" and fully leveraged its strength as a state-owned enterprise in further enhancing its business scale as well as the competitiveness of its products. In 2018, the Company continued to enjoy rapid real growth as both of its asset size and profitability experienced significant growth.

BUSINESS REVIEW

The Group is principally engaged in the business of property development, real estate industrial chain investment services and emerging industry investment. During the Year, the main source of revenue for the Company was sales of properties.

During the Year, revenue of the Group was RMB12.37142 billion, representing a year-on-year increase by approximately RMB7.59257 billion as compared with the previous financial year (restated). Gross profit was approximately RMB4.11516 billion, representing a year-on-year increase by approximately RMB2.52444 billion as compared with the previous financial year (restated). Profit for the Year increased by approximately RMB974.85 million year-on-year to approximately RMB1.57790 billion in the Year as compared with the previous financial year (restated). Profit attributable to the owners of the Company increased by approximately RMB892.64 million year-on-year to approximately RMB1.42045 billion in the Year as compared with previous financial year (restated) and by approximately RMB1.09103 billion year on year as compared with the previous financial year (not restated).

Property Development Business

Sales of Properties in 2018

In the Year, the Group's revenue from sales of properties was approximately RMB11.51694 billion, representing a year-on-year increase by approximately RMB7.37354 billion as compared with the previous financial year (restated) and accounting for 93.10% of the Group's total revenue. For the year ended 31 December 2018, the gross floor area ("GFA") of delivered properties was approximately 800,300 sq.m., representing an increase by approximately 538,200 sq.m. as compared with the previous financial year (restated).

During the Year, the Group's earlier strategic layouts have won initial success. Following the delivery of a series of projects in 2018, the Group's source of revenue from sales of properties has diversified. Riding on the Group's hard work for a number of years in the regions, the Group has been recognized as an excellent brand in both Fujian and East China and gained a leading position in terms of the sales of properties. During the Year, revenue from sales of properties recognized in Fujian and East China contributed 55.03% and 41.37% of the total revenue from sales of properties respectively.

In the future, given that the delivery for the properties sold in various cities will successively complete, the Group's revenue from sales of properties will continue to increase and it is expected that the sales of properties will remain to be the Group's major source of income in the future.

The amount and GFA of each project recognized for sales in the Year are set out in the following table:

Name of Project	City	Amount *(RMB ten thousand)*	GFA *(sq.m.)*	Average selling price *(RMB/sq.m.)*
Jianfa•Bihushuangxi (formerly Bihushuangxi)* (建發•碧湖雙璽(原碧湖雙璽))	Zhangzhou	308,924	171,182	18,047
Jianfa•Dushuwan (formerly Dushuwan)* (建發•獨墅灣(原獨墅灣))	Suzhou	248,653	124,963	19,898
Jianfa•Yangyu* (建發•泱譽)	Suzhou	149,369	57,165	26,129
Jianfa•Zhongyang Tiancheng* (建發•中泱天成)	Suzhou	5,614	18,022	3,115
Jianfa•Lingjun* (建發•領郡)	Lianjiang	155,542	140,560	11,066
Jianfa•Yulongwan (formerly Yulongwan)* (建發•御瓏灣(原御瓏灣))	Zhangjiagang	72,857	47,347	15,388
Jianfa•Shanwaishan (formerly Shanwaishan)* (建發•山外山(原山外山))	Changtai	64,580	50,090	12,893
Jianfa•Yuecheng* (建發•悦城)	Jian'ou	54,430	99,829	5,452
Jianfa•Zhongyang Tiancheng (formerly Zhongyang Tiancheng)* (建發•中泱天成(原中泱天成))	Quanzhou	50,339	45,861	10,976
Jianfa•Zhongyang Yuefu (formerly Zhongyang Yuefu)* (建發•中央悦府(原中央悦府))	Changsha	40,798	43,669	9,343
Fond England* (裕豐英倫)	Nanning	413	923	4,475
Li Yuan* (裕豐荔園)	Nanning	175	694	2,522
Total		**1,151,694**	**800,305**	**14,391**

The amount and GFA of each project recognized for sales in 2017 are set out in the following table (restated):

Name of Project	City	Amount *(RMB ten thousand)*	GFA *(sq.m.)*	Average selling price *(RMB/sq.m.)*
Jianfa•Dushuwan (formerly Dushuwan)* (建發•獨墅灣(原獨墅灣))	Suzhou	213,243	100,932	21,127
Jianfa•Zhongyang Tiancheng* (建發•中泱天成) *(Note)*	Suzhou	112,183	88,757	12,639
Jianfa•Zhongyang Yuefu (formerly Zhongyang Yuefu)* (建發•中央悅府(原中央悅府))	Changsha	86,968	70,400	12,353
Li Yuan* (裕豐荔園)	Nanning	1,765	1,803	9,789
Fond England* (裕豐英倫)	Nanning	181	171	10,585
Total		**414,340**	**262,063**	**15,811**

Note: Restated, business combinations under common control

Contracted Sales in 2018

In the Year, the Group achieved contracted sales of approximately RMB24.79049 billion, representing a year-on-year increase by approximately RMB14.67869 billion as compared with the previous financial year. As of 31 December 2018, the contracted GFA of properties was approximately 1,641,700 sq.m., representing an increase by approximately 1,026,200 sq.m. as compared with the previous financial year.

The Group has launched 20 projects for pre-sale in the Year as compared with the previous financial year.

The amount and GFA of each project contracted for sales in the Year are set out in the following table:

Name of Project	City	**Amount** *(RMB ten thousand)*	**GFA** *(sq.m.)*	**Average selling price** *(RMB/sq.m.)*
Jianfa•Dushuwan (formerly Dushuwan)* (建發•獨墅灣(原獨墅灣))	Suzhou	369,382	159,708	23,129
Jianfa•Yangyu* (建發•泱譽)	Suzhou	220,184	76,179	28,904
Jianfa•Zhongyang Tiancheng*(建發•中泱天成)	Suzhou	1,188	3,874	3,067
Jianfa•Yulongwan (formerly Yulongwan)* (建發•御瓏灣(原御瓏灣))	Zhangjiagang	300,470	195,327	15,383
Jianfa•Yangyu (formerly Zhangdi Land Parcel No. 2012-A23-A-2)* (建發•泱譽(原張地2012-A23-A-2號地塊))	Zhangjiagang	12,788	6,707	19,067
Jianfa•Tianxi* (建發•天璽)	Zhangjiagang	200,762	138,118	14,536
Jianfa•Yangxi (formerly Zhongyang Shoufu)* (建發•央璽(原中央首府))	Changsha	136,735	90,391	15,127
Jianfa•Yangzhu (formerly Yangzhu)* (建發•央著(原央著))	Changsha	91,579	52,470	17,454
Jianfa•Zhongyang Yuefu (formerly Zhongyang Yuefu)* (建發•中央悦府(原中央悦府))	Changsha	31,198	34,884	8,943
Jianfa•Xiyuan (formerly Jianfa Xiyuan)* (建發•璽院(原建發璽院))	Longyan	128,332	115,835	11,079
Shangyue House* (尚悦居)	Longyan	97,171	91,789	10,586
Jianfa•Shouyuan* (建發•首院)	Longyan	65,731	54,315	12,102
Jianfa•Lingjun* (建發•領郡)	Lianjiang	105,996	96,520	10,982
Jianfa•Yangzhu (formerly Linghu Garden)* (建發•央著(原領湖花園))	Fuzhou	38,411	67,585	5,683
Jianfa•Xiyuan (formerly Donghu Fushan Yuyuan)* (建發•璽院(原東湖富山御苑))	Lianjiang	7,237	11,014	6,571
Jianfa•Shanwaishan (formerly Shanwaishan)* (建發•山外山(原山外山))	Changtai	88,006	52,529	16,754
Jianfa•Yuecheng* (建發•悦城)	Jian'ou	83,416	121,989	6,838
Jianfa•Xiyuan* (建發•璽院)	Jian'ou	24,314	30,332	8,016
Guandi* (觀邸)	Shaxian	52,096	71,067	7,331
Jianfa•Jiuliwan (formerly Wuxi Project No. 2016-31)* (建發•玖里灣(原無錫項目2016-31號))	Wuxi	48,851	26,855	18,191
Jianfa•Bihushuangxi (formerly Bihushuangxi)* (建發•碧湖雙璽(原碧湖雙璽))	Zhangzhou	38,259	22,465	17,030
Jianfa•Yangzhu (formerly Land Parcel No. 2017JP03 of Xiamen Jimei Project)* (建發•央著(原廈門集美項目2017JP03地塊))	Xiamen	33,997	9,651	35,226
Jianfa•Xiyuan (formerly Wuyixi Land Parcel)* (建發•璽院(原五一西地塊))	Nanning	24,449	24,844	9,841
Jianfa•Xiyuan (formerly Xiyuan)* (建發•璽院(原璽院))	Zhangzhou	19,505	7,381	26,426
Jianfa•Yangzhu* (建發•央著)	Jianyang	17,990	15,855	11,347
Jianfa•Yangyu (formerly Taicang Jianjin)* (建發泱譽(原太倉建晉))	Taicang	12,908	6,280	20,554
Jianfa•Zhongyang Tiancheng (formerly Zhongyang Tiancheng)* (建發•中泱天成(原中泱天成))	Quanzhou	12,652	10,762	11,756
Xixi Yunlu* (西溪雲廬)	Hangzhou	214,824	45,404	47,314
Li Yuan* (裕豐荔園)	Nanning	184	694	2,651
Fond England* (裕豐英倫)	Nanning	434	923	4,702
Total		**2,479,049**	**1,641,747**	**15,100**

The amount and GFA of each project contracted for sales in 2017 are set out in the following table:

Name of Project	City	Amount *(RMB ten thousand)*	GFA *(sq.m.)*	Average selling price *(RMB/sq.m.)*
Jianfa•Dushuwan (formerly Dushuwan)* (建發•獨墅灣(原獨墅灣))	Suzhou	308,445	129,597	23,800
Jianfa•Yulongwan (formerly Yulongwan)* (建發•御瓏灣(原御瓏灣))	Zhangjiagang	146,869	95,999	15,299
Jianfa•Bihushuangxi (formerly Bihushuangxi)* (建發•碧湖雙璽(原碧湖雙璽))	Zhangzhou	243,034	128,479	18,916
Jianfa•Zhongyang Yuefu (formerly Zhongyang Yuefu)* (建發•中央悦府(原中央悦府))	Changsha	95,239	72,822	13,078
Jianfa•Xiyuan (formerly Jianfa Xiyuan)* (建發•璽院(原建發璽院))	Longyan	75,217	64,558	11,651
Shangyue House* (尚悦居)	Longyan	26,314	23,471	11,211
Jianfa•Lingjun* (建發•領郡)	Lianjiang	71,252	60,652	11,748
Jianfa•Zhongyang Tiancheng (formerly Zhongyang Tiancheng)* (建發•中泱天成(原中泱天成))	Quanzhou	44,339	39,138	11,329
Li Yuan* (裕豐荔園)	Nanning	313	681	4,596
Fond England* (裕豐英倫)	Nanning	158	102	15,490
Total		**1,011,180**	**615,499**	**16,429**

Land Reserves

As of 31 December 2018, the aggregate saleable GFA of land reserves of the Group was approximately 5,570,000 sq.m., with a total of 48 projects in China and Australia.

The amount of saleable GFA of land reserves in the Year are set out in the following table:

Name of Project	City	Saleable GFA (sq.m.)	Interests held by the Group	Attributable GFA (sq.m.)
Jianfa•Yangzhu (formerly Land Parcel No. 2017JP03 of Xiamen Jimei Project)* (建發•央著(原廈門集美項目2017JP03地塊))	Xiamen	72,543	49%	35,546
Jianfa•Yangzhu Phase II (formerly Land Parcel No. 2018JP01 of Xiamen Jimei Project)* (建發•央著二期(原廈門集美專案2018JP01地塊))	Xiamen	121,454	51%	61,942
Jianfa•Xiyue * (建發•璽樾)	Xiamen	153,972	95%	146,273
Jianfa•Shanwaishan (formerly Shanwaishan)* (建發•山外山(原山外山))	Changtai	119,498	94%	112,328
Jianfa•Bihushuangxi (formerly Bihushuangxi)* (建發•碧湖雙璽(原碧湖雙璽))	Zhangzhou	9,994	100%	9,994
Jianfa•Xiyuan (formerly Xiyuan)* (建發•璽院(原璽院))	Zhangzhou	112,207	100%	112,207
Land Parcel No. 08 in Bihu, Zhangzhou* (漳州碧湖08地塊)	Zhangzhou	111,551	70%	78,086
Jianfa•Shouyuan* (建發•首院)	Longyan	192,169	100%	192,169
Jianfa•Xiyuan (formerly Jianfa Xiyuan)* (建發•璽院(原建發璽院))	Longyan	60,120	30%	18,036
Shangyue House* (尚悅居)	Longyan	22,710	40%	9,084
Jianfa•Yangzhu (formerly Linghu Garden)* (建發•央著(原領湖花園))	Fuzhou	97,786	51.60%	50,458
Jianfa•Lingjun* (建發•領郡)	Lianjiang	7,560	78%	5,897
Jianfa & Rongqiao•Shanhai Daguan 01, 03, 04 (formerly Land Parcel No. 1, 3, 4 in Pukou, Lianjiang)* (建發&融橋•山海大觀01、03、04(原連江浦口1、3、4號地塊))	Lianjiang	199,969	46.15%	92,286
Jianfa & Rongqiao•Shanhai Daguan 02 (formerly Land Parcel No. 2 in Pukou, Lianjiang)* (建發&融橋•山海大觀02 (原連江浦口2號地塊))	Lianjiang	148,683	55.58%	82,638
Jianfa•Xiyuan (formerly Donghu Fushan Yuyuan)* (建發•璽院(原東湖富山御苑))	Lianjiang	84,261	70%	58,983
Jianfa•Yuecheng* (建發•悅城)	Jian'ou	158,280	75%	118,710
Jianfa•Xiyuan* (建發•璽院)	Jian'ou	141,821	70%	99,275
Jianfa•Yangzhu* (建發•央著)	Jianyang	142,437	70%	99,706
Land Parcel No. 2018-19 in Putian* (莆田2018-19地塊)	Putian	152,745	100%	152,745

Name of Project	City	Saleable GFA *(sq.m.)*	Interests held by the Group	Attributable GFA *(sq.m.)*
Jianfa•Zhongyang Tiancheng (formerly Zhongyang Tiancheng)* (建發•中泱天成(原中泱天成))	Quanzhou	10,311	40%	4,124
Guandi* (觀邸)	Shaxian	39,798	51%	20,297
Wuyi & Jianfa•Shanwaishan* (武夷&建發•山外山)	Wuyishan	95,143	50%	47,571
Jianfa•Yangyu (formerly Lishui No. G19)* (建發•央譽(原溧水 G19))	Nanjing	157,660	40%	63,064
Jianfa•Guobinfu (formerly Nanjing Project No. 2017–G55)* (建發•國賓府(原南京項目 2017-G55號))	Nanjing	74,325	50%	37,162
Jianfa•Yangyu* (建發•泱譽)	Suzhou	131,310	100%	131,310
Jianfa•Dushuwan (formerly Dushuwan)* (建發•獨墅灣 (原獨墅灣))	Suzhou	102,390	97.50%	99,830
Jianfa & Yangguangcheng•Puyue (formerly Land Parcel No. 2017-79 of Suzhou Project in Xiangcheng)* (建發&陽光城•璞悦 (原蘇州項目相城地塊2017-79))	Suzhou	47,097	55%	25,903
Jianfa•Yulongwan (formerly Yulongwan)* (建發•御瓏灣(原御瓏灣))	Zhangjiagang	161,497	70%	113,048
Jianfa•Yangyu (formerly Zhangdi Land Parcel No. 2012-A23-A-2)* (建發•泱譽(原張地2012-A23-A-2號地塊))	Zhangjiagang	144,136	100%	144,136
Tianxi* (天璽)	Zhangjiagang	2,055	25%	514
Jianfa•Yangyu (formerly Taicang Jianjin)* (建發•泱譽(原太倉建晉))	Taicang	93,608	100%	93,608
Jianfa•Yangzhu (formerly Taicang Jianjin)* (建發•泱著(原太倉建晉))	Taicang	124,338	100%	124,338
Duhuizhiguang (formerly Taicang Land Parcel No. WG 2017-19-1)* (都會之光(原太倉WG 2017-19-1號地塊))	Taicang	121,351	30%	36,405
Jianfa•Jiuliwan (formerly Wuxi Project No. 2016-31)* (建發•玖里灣 (原無錫項目2016-31號))	Wuxi	412,601	100%	412,601
Jianfa•Yangzhu (formerly Yangzhu)* (建發•央著(原央著))	Changsha	339,110	100%	339,110
Jianfa•Yangxi (formerly Zhongyang Shoufu)* (建發•央璽(原中央首府))	Changsha	66,333	100%	66,333
Jianfa•Zhongyang Yuefu (formerly Zhongyang Yuefu)* (建發•中央悦府(原中央悦府))	Changsha	2,701	100%	2,701
Jianfa & Jinmao•Xiyue (formerly Land Parcel No. 2018P66 in Wuhan)* (建發&金茂•璽悦(原武漢2018P66地塊))	Wuhan	259,523	51%	132,357

Name of Project	City	Saleable GFA *(sq.m.)*	Interests held by the Group	Attributable GFA *(sq.m.)*
Jianfa•Xiyuan (formerly Land Parcel No. 168 in Wuhan)* (建發•璽院(原武漢168號地塊))	Wuhan	149,359	49%	73,186
Jianfa & Jiulongcang Yangxi (formerly Land Parcel No. 444 in Shitan Road)* (建發&九龍倉•央璽(原石潭路444號地塊))	Guangzhou	183,178	64%	117,234
Jianfa•Jingyuexuan (建發•璟悅軒)	Shenzhen	35,063	51%	17,882
Yangyun Jingshe (formerly Qinglong Project)* (養雲靜舍(原慶隆項目))	Hangzhou	44,520	40.18%	17,888
Xixi Yunlu* (西溪雲廬)	Hangzhou	15,988	10.5%	1,679
Jianfa•Xiyuan (formerly Land Reserve No. 2017-73 of Land and Reserve Bureau of Zhuhai)* (建發•璽院(原珠國土儲2017-73))	Zhuhai	80,864	100%	80,864
Jianfa•Xiyuan* (建發•璽園)	Zhuhai	56,176	51%	28,650
Jianfa•Xiyuan (formerly Wuyixi Land Parcel)* (建發•璽院(原五一西地塊))	Nanning	71,379	51%	36,403
City of Sky* (天空之城)	Fuzhou	428,440	16.5%	70,693
Australia Project	Sydney	7,663	60%	4,598
Total		**5,567,677**		**3,879,852**

The amount of saleable GFA of land reserves in 2017 are set out in the following table:

Name of Project	**City**	**Saleable GFA** *(sq.m.)*	**Interests held by the Group**	**Attributable GFA** *(sq.m.)*
Jianfa•Jiuliwan (formerly Wuxi Project No. 2016-31)* (建發•玖里灣(原無錫項目2016–31號))	Wuxi	369,241	51%	188,313
Jianfa•Guobinfu (formerly Nanjing Project No. 2017–G55)* (建發•國賓府(原南京項目2017–G55號))	Nanjing	72,028	50%	36,014
Jianfa•Yangzhu (formerly Land Parcel No. 2017JP03 of Xiamen Jimei Project)* (建發•央著(原廈門集美項目2017JP03地塊))	Xiamen	76,620	100%	76,620
Jianfa•Xiyuan (formerly Xiyuan)* (建發•璽院(原璽院))	Zhangzhou	116,253	100%	116,253
Jianfa•Yangxi (formerly Zhongyang Shoufu)*(建發•央璽(原中央首府))	Changsha	158,529	100%	158,529
Australia Project	Sydney	7,663	60%	4,598
Jianfa•Yulongwan (formerly Yulongwan)* (建發•御瓏灣(原御瓏灣))	Zhangjiagang	294,087	70%	205,861
Jianfa•Dushuwan (formerly Dushuwan)* (建發•獨墅灣(原獨墅灣))	Suzhou	151,632	50%	75,816
Jianfa•Xiyuan (formerly Jianfa Xiyuan)* (建發•璽院(原建發璽院))	Longyan	62,590	30%	18,777
Jianfa•Shanwaishan (formerly Shanwaishan)* (建發•山外山(原山外山))	Changtai	63,987	60%	38,392
Total		**1,372,630**		**919,173**

Real Estate Industrial Chain Investment Services

1. *Property Management*

   During the Year, the revenue from property management services amounted to approximately RMB523.82 million (2017 (restated): approximately RMB419.33 million).

   As of 31 December 2018, the property management segment of the Group has provided quality service for more than 106,000 property owners, spanning across 10 provinces and 30 cities in PRC, with contracted management area amounting to nearly 30,000,000 sq.m..

2. Commercial assets management

The revenue from the Group's commercial assets management business during the Year amounted to approximately RMB166.08 million (2017: approximately RMB143.23 million).

The Group's own leasing properties are mainly located in Xingning District* (興寧區) and Xixiangtang District* (西鄉塘區) of Nanning, and Putuo District* (普陀區) of Shanghai. As of 31 December 2018, the Group's retail units (held for the purpose of leasing to independent third parties) comprised an aggregate rentable GFA of approximately 37,962 sq.m. (31 December 2017: approximately 20,547 sq.m.) in the PRC (including an underground parking area of approximately 3,954 sq.m. used as a temporary parking area (31 December 2017: approximately 3,954 sq.m.)), of which an aggregate GFA of approximately 28,897 sq.m. in the PRC had been leased out (31 December 2017: approximately 19,693 sq.m.).

The Group's third party leasing properties, leased out through Shanghai C&D Zhaoyu Asset Management Company Limited* (上海建發兆昱資產管理有限公司) are located in Yangpu District* (楊浦區) and Jiading District* (嘉定區), Shanghai. As of 31 December 2018, retail units of the leasing properties comprised an aggregate rentable GFA of approximately 80,518 sq.m. in the PRC (31 December 2017: approximately 82,713 sq.m.), of which an aggregate GFA of approximately 72,557 sq.m. in the PRC had been leased out (31 December 2017: approximately 74,233 sq.m.).

3. Projects operation and management (entrusted construction services)

Revenue from the Group's entrusted construction services during the Year was derived from entrusted construction agreements and management and entrusted construction services by Xiamen C&D Zhaocheng Construction Operation and Management Limited* (廈門建發兆誠建設運營管理有限公司) ("Zhaocheng Construction"), an indirect wholly-owned subsidiary of the Group, amounting to approximately RMB149.01 million (2017: approximately RMB51.71 million).

4. Informatization services and smart community

Revenue from smart construction services during the Year was derived from smart construction services by Xiamen Zhaohui Internet Technology Co., Ltd.* (廈門兆慧網絡科技有限公司), an indirectly wholly-owned subsidiary of the Group, amounting to approximately RMB15.57 million (2017: approximately RMB21.17 million).

FINANCIAL REVIEW

Revenue

During the Year, the Group's revenue was derived from (i) sales of properties; (ii) property management; (iii) commercial assets management; (iv) projects operation and management (entrusted construction services); and (v) smart construction services.

The following table sets forth the Group's revenue from each of these segments and as a percentage of the total revenue for the relevant financial years:

	2018		2017 (restated)	
	RMB'000	*%*	*RMB'000*	*%*
Sales of properties	**11,516,938**	**93.10**	4,143,402	86.71
Property management income	**523,824**	**4.23**	419,333	8.77
Commercial assets management income	**166,082**	**1.34**	143,227	3.00
Entrusted construction services income	**149,005**	**1.20**	51,711	1.08
Smart construction services income	**15,566**	**0.13**	21,173	0.44
Total	**12,371,415**	**100.00**	4,778,846	100.00

Sales of properties increased by about RMB7.37354 billion from approximately RMB4.14340 billion for the year ended 31 December 2017 (restated) to approximately RMB11.51694 billion in the Year. Saleable GFA delivered for the years ended 31 December 2017 and 2018 were approximately 262,100 sq.m. (restated) and approximately 800,300 sq.m., respectively. The revenue derived from the sales of properties for the Year increased due to the significant increase in saleable GFA sold and delivered of seven new projects in the Year.

Cost of Sales

Cost of sales increased by about RMB5.06814 billion from approximately RMB3.18812 billion for the year ended 31 December 2017 (restated) to approximately RMB8.25626 billion for the Year. This result was primarily attributable to the increase in saleable GFA sold and delivered during the Year.

Gross Profit and Gross Profit Margin

The gross profit amounted to approximately RMB1.59072 billion (restated) and approximately RMB4.11516 billion for the years ended 31 December 2017 and 2018 respectively, representing a gross profit margin of approximately 33.29% (restated) and 33.26% respectively. The gross profit margin was basically the same as last financial year.

Other Net Gain

Other net gain increased from approximately RMB46.94 million (restated) for the year ended 31 December 2017 to RMB209.88 million for the Year. The increase was mainly due to an increase in interest income in the Year.

Borrowing Costs

Borrowing costs incurred for the construction projects under development were capitalised during the Year. Other borrowing costs were expensed when incurred.

Total borrowing costs increased from approximately RMB689.95 million for the year ended 31 December 2017 (restated) to approximately RMB2.20437 billion for the Year. The increase was mainly due to an increase in capital requirements raised by an increase in property projects.

Gain on Changes in Fair Value of Investment Properties

The gain of changes in fair value of investment properties was approximately RMB5.31 million for the Year and the gain in the previous financial year was approximately RMB9.33 million. The gain reflected the adjustments in the value of investment properties during the Year.

Administrative Expenses

Administrative expenses increased by about RMB104.52 million to approximately RMB151.56 million for the Year from approximately RMB47.04 million for the year ended 31 December 2017 (restated). This was primarily due to the increase in bank handling fees in relation to borrowings and provision for impairment loss on assets during the Year.

Selling Expenses

Selling expenses increased by about RMB257.94 million to approximately RMB595.62 million for the Year from approximately RMB337.68 million for the year ended 31 December 2017 (restated). It was primarily due to an increase in labour cost as a result of an increase in the number of staff and an increase in marketing expenses such as advertising and promotion expenses as a result of an significant increase in the number of sales projects during the Year than the sales of projects in 2017.

Profit before Income Tax

As a cumulative effect of the foregoing factors, the Group recorded a profit before income tax of approximately RMB3.08976 billion for the Year, representing an increase of approximately RMB2.01928 billion (approximately 188.63%) from a profit of approximately RMB1.07048 billion in the previous financial year (restated).

Income Tax Expense

Income tax expense increased from approximately RMB467.43 million in the previous financial year (restated) to approximately RMB1.51186 billion for the Year. The increase in income tax was mainly due to an increase in income from property sales during the Year.

Profit for the Year Attributable to the Equity Holders of the Company

The profit attributable to the equity holders of the Company increased by about RMB892.64 million (approximately 169.12%) from approximately RMB527.81 million in the previous financial year (restated) to approximately RMB1.42045 billion for the Year, an increase by RMB1.09103 billion (approximately 331.20%) year on year as compared with the previous financial year (not restated).

Liquidity and Financial Resources

The long-term funding and working capital required by the Group were primarily derived from income generated from core business operations, bank borrowings, loans from intermediate holding companies and cash proceeds derived from receipt in advance from the pre-sale of properties, which were used to finance its business operations and investment in construction projects. The Group's liquidity position was well-managed during the Year.

The Group continued to adopt a prudent financing policy and sustain a sound capital structure with healthy cash flow. As at 31 December 2018, the Group's cash at banks and on hand amounted to approximately RMB4.54744 billion (31 December 2017 (restated): approximately RMB1.98520 billion) while total assets and net assets (after deducting non-controlling interests) were approximately RMB62.77495 billion (31 December 2017 (restated): approximately RMB34.02152 billion) and RMB6.09402 billion (31 December 2017 (restated): approximately RMB2.88788 billion) respectively. As at 31 December 2018, the Group's working capital amounted to approximately RMB32.76192 billion (31 December 2017 (restated): approximately RMB15.77253 billion). As at 31 December 2018, the Group recorded net debt of approximately RMB25.67009 billion (31 December 2017 (restated): approximately RMB10.96154 billion) with net debt to equity ratio of approximately 242.08% (31 December 2017 (restated): 207.40%).

As at 31 December 2018, the Group had (i) loan facilities of approximately RMB1.11415 billion (31 December 2017: approximately RMB2.22 million) and RMB16.65 million (31 December 2017: approximately RMB17.57 million) denominated in HK$ and AUD respectively which bore interest rates of 3.4% to 5.1% (31 December 2017: 3.4%) and 4.78% (31 December 2017: 4.78%) per annum respectively; (ii) a loan facility (including receipts under securitisation arrangements) of approximately RMB10.76272 billion (31 December 2017(restated): approximately RMB7.17972 billion) denominated in RMB which bore an interest rate from 4.89% to 7.3% (31 December 2017 (restated): an interest rate from 4.51% to 5.13%) per annum; (iii) loans from intermediate holding companies of approximately RMB16.08215 billion (31 December 2017 (restated): approximately RMB4.98116 billion) denominated in RMB which bore an interest rate from 5.9% to 6.18% (31 December 2017 (restated): an interest rate from 4.75% to 6.3%) per annum; and (iv) the amounts due to non-controlling shareholders of approximately RMB2.24186 billion (31 December 2017(restated): approximately RMB766.07 million) denominated in RMB which bore an interest rate from 4.35% to 10% (31 December 2017 (restated): an interest rate from 6% to 6.3%) per annum. No particular trend of seasonality was observed for the Group's borrowing requirements for the Year.

The Group's gearing ratio (total borrowings divided by total equity) increased to 284.96% as at 31 December 2018 (31 December 2017 (restated): 244.96%) as the loans from shareholders and banks increased during the Year.

Of the total borrowings, approximately RMB3.79594 billion are repayable within one year while approximately RMB25.71759 billion are repayable after one year but within five years.

To manage liquidity risk, the Group monitors and maintains a level of cash and cash equivalents which the management considers to be adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flow. The Group's management also monitors its net current assets/liabilities and the utilisation of borrowings to ensure efficient use of the available banking facilities and compliance with loan covenants.

Financial Guarantee Contracts

The Group had arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. The balance as at 31 December 2018 was approximately RMB10.07453 billion (31 December 2017 (restated): approximately RMB3.20491 billion). The increase was mainly attributable to the increase of pre-sale real estate mortgage loan due to the increase of the sales of property commenced to be sold in the Year.

Capital Commitments

Capital commitments were those contracts that concluded but not provided for leasehold improvement, prepayments for intended projects that concluded but not provided for allowance, nor for the construction of properties under development. The capital commitment was approximately RMB16.27227 billion as at 31 December 2018 (31 December 2017 (restated): approximately RMB4.14221 billion). The significant increase was attributable to the increase in the number of projects during the Year as compared to 2017.

Pledge of Assets

As at 31 December 2018, the Group's bank loan was secured by the legal charges over its property, plant and equipment with carrying value of approximately RMB10.22 million (31 December 2017 (restated): approximately RMB10.10 million), investment properties with a fair value of approximately RMB596.00 million (31 December 2017 (restated): Nil) and properties under development with carrying value of approximately RMB10.87666 billion (31 December 2017 (restated): approximately RMB8.44536 billion).

Capital Structure

As at 31 December 2017 and 2018, the Company's issued share capital was HK$73,486,474.5, divided into 734,864,745 ordinary shares of HK$0.1 each.

Foreign Currency Exposure

The business operations of the Company's subsidiaries were conducted mainly in the PRC with revenues and expenses of the Company's subsidiaries denominated mainly in RMB.

As at 31 December 2018, except for the bank deposits denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations.

As the Directors considered the Group's foreign exchange risk to be insignificant, the Group did not use any financial instruments for hedging purposes during the Year.

Contingent Liabilities

As at 31 December 2018, the Group did not have any material contingent liabilities (31 December 2017: Nil).

Employees and Emolument Policy

As at 31 December 2018, the Group employed a total of 6,307 full-time employees (2017 (restated): 4,652 full-time employees). Total staff costs, including Directors' emoluments, of the Group were approximately RMB731.24 million (2017 (restated): approximately RMB416.02 million). The Group reviews the remuneration policies and packages on a regular basis and makes necessary adjustments that commensurate with the remuneration level in the industry. In addition to a basic monthly salary, year-end bonuses are offered to those staff with outstanding performance. A share option scheme has been adopted to attract and retain eligible employees to contribute to the Group.

The same remuneration philosophy is applicable to the Directors. Apart from benchmarking against the market, the Company reviews individual competence, contributions and the affordability of the Company in determining the exact level of remuneration for each Director.

EVENTS AFTER REPORTING PERIOD

Save as disclosed elsewhere in this announcement, the following significant events took place subsequent to 31 December 2018:

(i) As set out in the announcement dated 8 January 2019, Xiamen Yi Yue, an indirect subsidiary of the Company entered into the termination agreement with Changsha Xingwang Real Estate Development Company Limited* (長沙興旺房地產開發有限公司), Hunan Xingwang Construction Company Limited* (湖南興旺建設有限公司) and Mr. Hou Yu* (侯宇), pursuant to which, among other things, the parties agreed to terminate the cooperation agreement entered into on 20 April 2018 (the "Cooperation Agreement"). As a result of the termination of the Cooperation Agreement, on 8 January 2019, Xiamen Yi Yue also entered into the termination agreement with Hunan Hongkai Real Estate Development Company Limited* (湖南泓楷房地產開發有限責任公司), pursuant to which, among other things, parties to the joint venture agreement agreed to terminate the joint venture agreement entered into on 20 April 2018 and the transactions contemplated under the Cooperation Agreement and the joint venture agreement would not proceed.

(ii) As set out in the announcement dated 8 January 2019, Xiamen Yi Yue entered into the confirmation letter with Fujian Huaxing Auction House Co., Ltd.* (福建華興拍賣行有限責任公司) ("Fujian Huaxing") on 8 January 2019 to confirm that Xiamen Yi Yue has successfully won the bid for the auction for the land use rights of the Land which is located within Yuhu Area* (玉湖片區), Licheng District* (荔城區), Putian City (莆田市), Fujian Province, the PRC (Parcel No. PS Pai-2018-33) for a total consideration of RMB858,000,000. Xiamen Yi Yue shall also pay the auction commission to Fujian Huaxing in the sum of RMB17,160,000.

(iii) As set out in the announcement dated 28 January 2019, Xiamen Yi Yue and Ningde Jiaotou Real Estate Development Company Limited* (寧德市交投置業房地產開發有限公司) ("Ningde Jiaotou") entered into a cooperation agreement for, among other things, the formation of a joint venture for the purpose of acquisition and development of the land plot No. 2018P02. The joint venture will be held as to 50% and 50% by Xiamen Yi Yue and Ningde Jiaotou respectively.

(iv) As set out in the announcement dated 29 January 2019, Zhaocheng Construction entered into the framework agreement with C&D Real Estate for the period from 29 January 2019 to 31 December 2021, pursuant to which Zhaocheng Construction shall provide entrusted construction management services for a variety of construction and property development projects, etc. of C&D Real Estate, its subsidiaries (but not including the Group (excluding connected subsidiaries)) and connected companies. The proposed annual caps of the entrusted construction management service fees to be received by Zhaocheng Construction under the framework agreement for each of the three years ending 31 December 2021 are RMB150,000,000.

(v) As set out in the announcement dated 13 March 2019, Xiamen Yi Yue, Fujian Tinghu Real Estate Group Company Limited* (福建挺虎置業集團有限公司) ("Fujian Tinghu"), Mr. Zheng Qingsheng* (鄭慶昇) and Xianyou Zhaoting Real Estate Company Limited* (仙游兆挺置業有限公司) ("Xianyou Zhaoting") entered into the supplemental agreement on 13 March 2019, pursuant to which, among other things, Xiamen Yi Yue and Fujian Tinghu agreed to contribute to Xianyou Zhaoting in accordance with their respective 55% and 45% equity interest to develop the Land which is situated at the centre of Xianyou County* (仙游縣), Putian City* (莆田市), Fujian Province, the PRC (Land Plot No.: PS-2012-20).

OUTLOOK

In 2019, while focusing on its business position as "integrated service provider in real estate development and real estate industrial chain investment services", the Company will accelerate its expansion on business scale, create high-quality products, and increase the profitability of its innovative projects. Meanwhile, the Company will continue to strive for sustainable and rapid real growth for its real estate development business. In addition to consolidating its business foundation in respect of the real estate industry chain and expanding its presence in the industrial chain, the Company will also leverage the synergies among different industries and venture into various emerging industries including elderly service, tourism and medical care.

In 2019, the Company will continue to focus on building up its own brand and give full play to its strength in "products, capital and branding" to accelerate its pursuit for the sustainable and rapid real growth for its real estate development business and refined its value driver, i.e. "Products+Services". Taking proactive actions in interacting with the capital market, the Company is endeavored to bring in a sustainable quality growth in value that is widely recognized and continues to create value for its shareholders, customers, employees and the society and to contribute to society's harmony.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK$1.20 per share in respect of the Year (2017: final dividend of HK$0.30 per share), subject to the approval at the forthcoming annual general meeting of the Company (the "AGM"). Based on the 734,864,745 shares in issue as at 31 December 2018, it is expected that the final dividend payable will amount to HK$881,837,694 (equivalent to approximately RMB772,667,400). Subject to the approval of the shareholders of the Company at the AGM, the final dividend is expected to be paid to the eligible shareholders of the Company on Thursday, 25 July 2019.

ANNUAL GENERAL MEETING

The AGM will be held on Monday, 27 May 2019. A notice convening the AGM will be published and despatched to the shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders' entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 22 May 2019 to Monday, 27 May 2019 (both days inclusive). In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by 4:30 p.m. on Tuesday, 21 May 2019.

For the purpose of ascertaining shareholders' entitlement to the final dividend, the register of members of the Company will be closed from Tuesday, 9 July 2019 to Wednesday, 10 July 2019 (both days inclusive). In order to qualify for the final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at the abovementioned address for registration by 4:30 p.m. on Monday, 8 July 2019.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company had adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules for dealings in securities of the Company by its Directors. The Company has made specific enquiries to all Directors and each of them confirmed that they have complied with the required standard set out in the Model Code for the Year.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high corporate governance standards. It believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability. The Company has complied with all the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules during the Year.

Further information on the Company's corporate governance practices will be set out in the Corporate Governance Report contained in the Company's annual report for the Year, which will be released in due course.

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

Date of agreement	Date of completion	Fund raising activity	Net proceeds raised	Reasons for fund raising and use of net proceeds	Closing price of last trading date before the date of agreement	Actual use of net proceeds as of 31 December 2018
7 September 2018	30 November 2018	Allocation and issue of perpetual convertible bond in an aggregate principal amount of HK$3,000,000,000 to Well Land under specific mandate. The perpetual convertible bond is convertible into 352,941,176 conversion shares at the initial conversion price of HK$8.5 per conversion share (subject to adjustments according to the relevant terms of the subscription agreement).	Approximately HK$2,999,000,000.	Broaden the Company's financing channels, optimize the Company's debt structure and further enhance its risk-resisting capability and capability of sustainable development. All of the net proceeds will be applied to repay loans from the shareholder.	HK$6.51	All of the net proceeds was applied to repay loans from the shareholder.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Year.

REVIEW OF RESULTS BY AUDIT COMMITTEE

The audit committee of the Company (comprising all the three independent non-executive Directors, namely Mr. Wong Chi Wai (committee chairman), Mr. Wong Tat Yan, Paul and Mr. Chan Chun Yee) has reviewed with management the audited consolidated financial statements of the Company for the Year. The Group's consolidated financial statements have been audited by the Company's auditor, Grant Thornton Hong Kong Limited, and they have issued an unqualified opinion.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of this announcement of the Group's results for the year ended 31 December 2018 have been agreed by the Group's auditor, Grant Thornton Hong Kong Limited (the "Auditor"), to the amounts set out in the Group's consolidated financial statements for the Year. The work performed by the Auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Auditor on this announcement.

ANNUAL REPORT

The annual report of the Company for the year ended 31 December 2018 will be despatched to the shareholders of the Company and available on the respective websites of the Stock Exchange and the Company.

APPRECIATION

We would like to take this opportunity to express our sincere gratitude to the shareholders of the Company for their continuing support, and our appreciation to all staff members for the dedication and loyalty to the Group.

By Order of the Board
C&D International Investment Group Limited
Zhuang Yuekai
Chairman and Executive Director

Hong Kong, 20 March 2019

As at the date of this announcement, the Board are:

Executive Directors:
Mr. Zhuang Yuekai *(Chairman)*
Mr. Shi Zhen
Ms. Zhao Chengmin

Non-executive Directors:
Ms. Wang Xianrong
Ms. Wu Xiaomin
Mr. Huang Wenzhou

Independent Non-executive Directors:
Mr. Wong Chi Wai
Mr. Wong Tat Yan, Paul
Mr. Chan Chun Yee

This announcement is prepared in both English and Chinese; in the event of inconsistency, the English text of the announcement shall prevail over the Chinese text.

* *denotes English translation of the name of a Chinese company, entity and place and is provided for identification purpose only*