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 2019

FINANCIAL HIGHLIGHTS

- For the year ended 31 December 2019, the Group together with its joint venture and associates achieved contracted sales of approximately RMB50.77976 billion with contracted sales GFA of approximately 2,932,400 sq.m., representing a significant increase by approximately RMB25.98927 billion and approximately 1,290,600 sq.m. respectively (approximately 104.84% and 78.61% respectively) as compared with the previous year.

- Cash collected from sales of properties totalled approximately RMB47.57756 billion.

- For the year ended 31 December 2019, the Group's total revenue amounted to approximately RMB17.99515 billion, increased by approximately RMB5.62373 billion (approximately 45.46%) as compared with the previous year. Revenue from the property development segment amounted to approximately RMB17.10529 billion, increased by approximately RMB5.58835 billion (approximately 48.52%) as compared with the previous year.

- For the year ended 31 December 2019, the Group's gross profit amounted to approximately RMB4.65334 billion, increased by approximately RMB538.18 million (approximately 13.08%) as compared with the previous year.

- For the year ended 31 December 2019, the profit attributable to the equity holders of the Company amounted to approximately RMB1.71799 billion, increased by approximately RMB297.55 million (approximately 20.95%) as compared with the previous year.

- The Group's basic earnings per share was RMB1.99.

- The Board proposed payment of a final dividend of HK$0.82 per share in the form of cash.

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

The board (the "Board") of directors (the "Directors") of C&D International Investment Group Limited (the "Company") is pleased to announce the following consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2019 (the "Year") together with the comparative figures for the year ended 31 December 2018.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	**2019** **RMB'000**	2018 RMB'000 (Note)
Revenue	4	**17,995,146**	12,371,415
Cost of sales		**(13,341,808)**	(8,256,257)
Gross profit		**4,653,338**	4,115,158
Other net gain	6	**308,755**	209,877
(Loss)/Gain on changes in fair value of investment properties		**(6,309)**	5,309
Administrative expenses		**(91,411)**	(151,560)
Selling expenses		**(1,181,091)**	(595,617)
Finance costs	7	**(417,082)**	(517,462)
Share of profits of associates		**152,996**	19,928
Share of profits of a joint venture		**6,470**	4,128
Profit before income tax	8	**3,425,666**	3,089,761
Income tax expense	9	**(1,428,095)**	(1,511,859)
Profit for the year		**1,997,571**	1,577,902
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		**38,248**	2,199
Total comprehensive income for the year		**2,035,819**	1,580,101
Profit for the year attributable to:			
— Equity holders of the Company		**1,717,993**	1,420,446
— Holders of perpetual bonds		**–**	90,969
— Non-controlling interests		**279,578**	66,487
		1,997,571	1,577,902
Total comprehensive income for the year attributable to:			
— Equity holders of the Company		**1,756,255**	1,422,934
— Holders of perpetual bonds		**–**	90,969
— Non-controlling interests		**279,564**	66,198
		2,035,819	1,580,101
Earnings per share for profit attributable to the equity holders of the Company			
— Basic	11	**RMB1.99**	RMB1.93
— Diluted	11	**RMB1.48**	RMB1.85

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 3.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	**31 December 2019** **RMB'000**	31 December 2018 RMB'000 (Note)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**108,872**	113,067
Land use rights		**–**	95,936
Right-of-use assets		**210,845**	–
Investment properties		**1,255,730**	1,238,730
Interests in associates		**6,436,704**	1,776,251
Interest in a joint venture		**44,175**	45,405
Other financial assets		**125,690**	309,040
Deposits for acquisitions of land use rights		**64,166**	64,166
Deferred tax assets		**1,400,495**	873,924
		9,646,677	4,516,519
Current assets			
Inventories of properties and other contract costs	12		
— Properties under development		**72,758,410**	48,070,624
— Properties held for sale		**3,150,724**	1,731,691
— Other contract costs		**258,728**	131,277
Trade and other receivables	13	**6,604,465**	2,393,643
Amounts due from non-controlling interests		**8,474,646**	483,474
Other financial assets		**448,990**	–
Deposits for acquisitions of land use rights		**2,195,933**	710,810
Prepaid taxes		**487,979**	189,475
Cash at banks and on hand		**11,562,270**	4,547,441
		105,942,145	58,258,435
Total assets		**115,588,822**	62,774,954
Current liabilities			
Trade and other payables	14	**8,099,577**	4,437,317
Contract liabilities		**36,423,681**	13,084,951
Amounts due to related companies		**2,553,834**	1,196,079
Amounts due to non-controlling interests		**2,915,151**	3,617,765
Interest-bearing borrowings		**3,263,480**	1,554,077
Income tax liabilities		**1,883,024**	1,606,328
Lease liabilities		**28,355**	–
Receipts under securitisation arrangements		**2,498,155**	–
		57,665,257	25,496,517
Net current assets		**48,276,888**	32,761,918
Total assets less current liabilities		**57,923,565**	37,278,437

	Notes	**31 December 2019** *RMB'000*	31 December 2018 *RMB'000* *(Note)*
Non-current liabilities			
Loans from intermediate holding company		**23,082,304**	16,082,145
Lease liabilities		**109,739**	–
Receipts under securitisation arrangements		**902,774**	3,518,800
Interest-bearing borrowings		**13,979,542**	6,794,530
Deferred tax liabilities		**239,264**	278,916
		38,313,623	26,674,391
Total liabilities		**95,978,880**	52,170,908
Net assets		**19,609,942**	10,604,046
EQUITY			
Share capital	*15*	**76,921**	61,532
Reserves		**7,221,228**	6,032,490
Equity attributable to the equity holders of the Company		**7,298,149**	6,094,022
Non-controlling interests		**12,311,793**	4,510,024
Total equity		**19,609,942**	10,604,046

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 3.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

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; C&D Real Estate Corporation Limited[#] (建發房地產集團有限公司) ("C&D Real Estate") which was incorporated in the People's Republic of China ("PRC" or "China") with limited liability is the Company's intermediate holding company and Xiamen C&D Corporation Limited[#] (廈門建發集團有限公司) ("Xiamen C&D") which was incorporated in the PRC with limited liability is the Company's ultimate holding company.

The consolidated financial statements for the year ended 31 December 2019 were approved for issue by the Board of Directors on 20 March 2020.

[#] The English translation of the name of the companies established in the PRC is for reference only. The official names of the companies are in Chinese.

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 requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

The significant accounting policies were consistent with those applied to the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the changes in accounting policies in relation to the adoption of new and amended HKFRSs and the impacts on the Group's consolidated financial statements if any, are disclosed in Note 3.

2. BASIS OF PREPARATION *(Continued)*

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 value.

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated 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.

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

(i) New and amended HKFRSs adopted as at 1 January 2019

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are newly effective for the current accounting period of the Group. Of these, HKFRS 16 "Leases" is relevant to the Group's consolidated financial statements.

Except for HKFRS 16, none of the developments have a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16 "Leases" ("HKFRS 16")

HKFRS 16 replaces HKAS 17 "Leases" ("HKAS 17") along with three Interpretations (HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease" ("HK(IFRIC)-Int 4"), HK(SIC)-Int 15 "Operating Leases-Incentives" and HK(SIC)-Int 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease"). HKFRS 16 has been applied using the modified retrospective approach, with the cumulative effect of adopting HKFRS 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

The Group has elected not to include initial direct costs in the measurement of the right-of-use assets for operating leases in existence at the date of initial application of HKFRS 16, being 1 January 2019. At this date, the Group has elected to measure the right-of-use assets on a lease-by-lease basis as if HKFRS 16 have always been applied since the commencement date of the lease discounted using the Group's incremental borrowing rate at the date of initial application.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of HKFRS 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than twelve months, the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

On transition to HKFRS 16, the weighted average of the incremental borrowing rate applied to lease liabilities recognised under HKFRS 16 was 5.38% per annum.

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

(i) New and amended HKFRSs adopted as at 1 January 2019 *(Continued)*

HKFRS 16 "Leases" ("HKFRS 16") (Continued)

The following table reconciles the operating lease commitments as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

	RMB'000
Operating lease commitments at 31 December 2018	136,022
Less: recognition exemptions:	
— short-term leases with remaining lease term of less than twelve months	(7,856)
	128,166
Less: total future interest expenses	(32,438)
Total present value of lease liabilities, discounted using incremental borrowing rate as at 1 January 2019	95,728
Classified as:	
Current lease liabilities	9,670
Non-current lease liabilities	86,058
	95,728

The following table summarises the impacts of transition to HKFRS 16 on the Group's consolidated statement of financial position at 1 January 2019:

	RMB'000
Increase in right-of-use assets	176,553
Decrease in land use rights	(95,936)
Increase in deferred tax assets	3,778
Increase in lease liabilities	95,728
Decrease in retained earnings	(5,869)
Decrease in non-controlling interests	(5,464)

The land used rights are reclassified to right-of-use assets as of 1 January 2019. The recognised right-of-use assets mainly relate to properties and land use rights.

No significant impact on the Group's financial result and cash flows for the year ended 31 December 2019 as a result of adoption of HKFRS 16.

Leasehold investment properties

Under HKFRS 16, the Group is required to account for all leasehold properties as investment properties when these properties are held to earn rental income and/or for capital appreciation ("leasehold investment properties"). The adoption of HKFRS 16 does not have a significant impact on the Group's consolidated financial statements as the Group previously elected to apply HKAS 40 "Investment Property", to account for all of its leasehold properties that were held for investment purposes as at 31 December 2018. Consequentially, these leasehold investment properties continue to be carried at fair value.

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

(i) New and amended HKFRSs adopted as at 1 January 2019 *(Continued)*

HKFRS 16 "Leases" ("HKFRS 16") (Continued)

Sublease

Under HKFRS 16, when the Group acts as an intermediate lessor in a sublease arrangement, the Group is required to classify the sublease as a finance lease or an operating lease by reference to the right-of-use asset arising from the head lease, instead of by reference to the underlying asset. The adoption of HKFRS 16 does not have a significant impact on the Group's consolidated financial statements in this regard.

(ii) Issued but not yet effective HKFRSs

At the date of authorisation of these consolidated financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

Amendments to HKFRS 3	Definition of a business[3]
Amendments to HKAS 1 and HKAS 8	Definition of material[1]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[2]

[1] Effective for annual periods beginning on or after 1 January 2020
[2] Effective date not yet determined
[3] Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided in the above. Other new and amended HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

4. **REVENUE**

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

	2019	2018
	RMB'000	*RMB'000*
Sales of properties	**17,105,290**	11,516,938
Commercial assets management income *(Note)*	**122,182**	166,082
Entrusted construction services income	**91,792**	149,005
Property management income	**654,637**	523,824
Others	**21,245**	15,566
	17,995,146	12,371,415

Note: Commercial assets management income mainly comprises rental income from property leasing of RMB107,149,000 (2018: RMB138,365,000), which does not fall within the scope of HKFRS 15, and building management income of RMB12,151,000 (2018: RMB24,113,000).

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 four 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.
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.

The measurement policies the Group uses for reporting segment results under HKFRS 8 "Operating Segments" are the same as those used in its financial statements prepared under HKFRSs, except for corporate income and expenses (including income tax expense) which are not directly attributable to the business activities of any operating segment and are not included in arriving at the operating results of the operating segment.

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.

The Group has amended the format of reportable segment information provided to the chief operating decision-maker for assessing the performance of the operating segments due to the insignificancy of subsidiary that is engaged in the provision of smart construction services to the Group's long term financial performance. As a result, "smart construction services" has been excluded from the Group's reportable segments in the current year.

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

Segment revenue and results

For the year ended 31 December 2019

	Property development *RMB'000*	Commercial assets management *RMB'000*	Property management services *RMB'000*	Entrusted construction services *RMB'000*	Total *RMB'000*
Disaggregated by timing of revenue recognition:					
— Point in time	17,105,290	–	–	–	17,105,290
— Over time	–	125,280	779,301	91,792	996,373
	17,105,290	125,280	779,301	91,792	18,101,663
Inter-segment revenue	–	(3,098)	(124,664)	–	(127,762)
Revenue to external customers	17,105,290	122,182	654,637	91,792	17,973,901
Reportable segment profit before income tax	3,276,599	20,386	58,465	74,049	3,429,499
Other segment information:					
Interest income	235,105	1,413	1,829	10	238,357
Interest expense	(395,065)	(19,115)	(2,169)	(696)	(417,045)
Share of profits of associates	149,707	–	–	–	149,707
Loss on changes in fair value of investment properties	–	(6,309)	–	–	(6,309)
Depreciation of property, plant and equipment	(3,366)	(19,183)	(2,402)	(20)	(24,971)
Depreciation of right-of-use assets	(15,928)	(15,793)	(858)	–	(32,579)
Impairment loss on loans to associates	(4,098)	–	–	–	(4,098)
Impairment loss on trade and other receivables	(8,755)	(7,869)	(445)	(23)	(17,092)
Impairment loss on amounts due from non-controlling interests	(8,378)	–	–	–	(8,378)
Reversal of provision for inventories of properties	22,035	–	–	–	22,035

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

Segment revenue and results *(Continued)*

For the year ended 31 December 2018

	Property development *RMB'000*	Commercial assets management *RMB'000*	Property management services *RMB'000*	Entrusted construction services *RMB'000*	Total *RMB'000*
Disaggregated by timing of revenue recognition:					
— Point in time	11,516,938	–	–	–	11,516,938
— Over time	–	169,478	592,156	149,005	910,639
	11,516,938	169,478	592,156	149,005	12,427,577
Inter-segment revenue	–	(3,396)	(68,332)	–	(71,728)
Revenue to external customers	11,516,938	166,082	523,824	149,005	12,355,849
Reportable segment profit before income tax	2,828,896	70,983	55,072	140,976	3,095,927
Other segment information:					
Interest income	90,219	1,126	63,039	40	154,424
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)	(18,687)
Impairment loss on trade and other receivables	(3,158)	(709)	(154)	(5)	(4,026)
Provision for inventories of properties	(48,335)	–	–	–	(48,335)

5. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

	Property development *RMB'000*	Commercial assets management *RMB'000*	Property management services *RMB'000*	Entrusted construction services *RMB'000*	Total *RMB'000*
As at 31 December 2019					
Reportable segment assets	**113,713,534**	**1,457,399**	**145,475**	**13,284**	**115,329,692**
Reportable segment liabilities	**(93,809,902)**	**(650,401)**	**(1,346,744)**	**(42,748)**	**(95,849,795)**
Other segment information:					
Additions to non-current assets (other than financial instruments and deferred tax assets) during the year	**58,301**	**29,539**	**34,267**	**67**	**122,174**
Interests in associates	**6,344,518**	**–**	**598**	**–**	**6,345,116**

	Property development *RMB'000*	Commercial assets management *RMB'000*	Property management services *RMB'000*	Entrusted construction services *RMB'000*	Total *RMB'000*
As at 31 December 2018					
Reportable segment assets	61,160,099	1,425,067	99,006	7,713	62,691,885
Reportable segment liabilities	(50,232,426)	(547,754)	(1,359,584)	(7,931)	(52,147,695)
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	617,786
Interests in associates	1,765,066	–	–	–	1,765,066

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

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

	2019	2018
	RMB'000	*RMB'000*
Reportable segment revenue	**18,101,663**	12,427,577
Inter-segment revenue elimination	**(127,762)**	(71,728)
Unallocated revenue	**21,245**	15,566
Consolidated revenue to external customers	**17,995,146**	12,371,415
Reportable segment profit before income tax	**3,429,499**	3,095,927
Unallocated interest income	**42**	14
Unallocated interest expenses	**(37)**	(48,120)
Unallocated share of profits/(losses) of associates	**3,289**	(1,811)
Unallocated share of profits of a joint venture	**6,470**	4,128
Unallocated income and expenses	**(12,900)**	40,527
Unallocated impairment loss on trade and other receivables	**(146)**	(266)
Unallocated depreciation	**(551)**	(638)
Consolidated profit before income tax	**3,425,666**	3,089,761
Reportable segment assets	**115,329,692**	62,691,885
Unallocated associates	**91,588**	11,185
Unallocated joint venture	**44,175**	45,405
Unallocated deferred tax assets	**103**	786
Unallocated corporate assets	**123,264**	25,693
Total consolidated assets	**115,588,822**	62,774,954
Reportable segment liabilities	**(95,849,795)**	(52,147,695)
Unallocated income tax liabilities	**(1,168)**	–
Unallocated withholding tax liabilities	**(14,633)**	(14,633)
Unallocated corporate liabilities	**(113,284)**	(8,580)
Total consolidated liabilities	**(95,978,880)**	(52,170,908)

Segment assets consist primarily of property, plant and equipment, investment properties, right-of-use assets, land use rights, interests in associates, other 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, certain deferred tax assets and prepaid taxes.

Segment liabilities consist primarily of contract liabilities, trade and other payables, loans from intermediate holding company, amounts due to non-controlling interests and related companies, interest-bearing borrowings, receipts under securitisation arrangements, lease liabilities, income tax liabilities and certain deferred tax liabilities.

5. **SEGMENT INFORMATION** *(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 2019 and 2018, 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

	2019	2018
	RMB'000	*RMB'000*
Interest income from:		
— banks	**57,138**	85,144
— loans to associates	**121,107**	35,069
— financial assets at amortised cost	**6,312**	11,480
— others	**53,842**	22,745
	238,399	154,438
Compensation income	**15,512**	11,733
Gain on changes in fair value of financial assets measured at FVTPL	**18,640**	12,890
Gain on disposal of investment properties	**7,806**	–
Gain on disposal of a subsidiary	**–**	8,828
Gain on disposal of an associate	**3,213**	–
Sundry income	**25,185**	21,988
	308,755	209,877

7. FINANCE COSTS

	2019	2018
	RMB'000	*RMB'000*
Interest charges on:		
— Bank borrowings	**627,510**	685,061
— Loans from intermediate holding company	**1,090,386**	840,175
— Amounts due to non-controlling interests	**153,087**	164,355
— Receipts under securitisation arrangements	**221,495**	179,812
— Significant financing component of contract liabilities	**752,315**	334,968
— Finance charges on lease liabilities	**8,250**	–
Total borrowing costs	**2,853,043**	2,204,371
Less: Interest capitalised	**(2,435,961)**	(1,686,909)
	417,082	517,462

Borrowing costs have been capitalised at various applicable rates ranging from 3.4% to 7% per annum (2018: 4.35% to 7.3% per annum).

8. PROFIT BEFORE INCOME TAX

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

	2019	2018
	RMB'000	*RMB'000*
		(Note)
Amortisation of land use rights	**–**	3,620
Auditor's remuneration	**1,200**	1,127
Cost of properties sold	**12,634,208**	7,446,361
Depreciation:		
— Owned assets	**25,522**	19,325
— Right-of-use assets (including land use right upon initial adoption of HKFRS 16)	**32,579**	–
Written off of property, plant and equipment	**3,985**	1,113
Provision for ECL allowance on loans to associates	**4,098**	–
Provision for ECL allowance on trade and other receivables	**17,238**	4,292
Provision for ECL allowance on amounts due from non-controlling interests	**8,378**	–
Net foreign exchange loss/(gain)	**108**	(6,213)
Operating lease charges	**–**	19,074
Lease charges:		
— short term leases and leases with lease term shorter than twelve months as at initial application of HKFRS 16	**7,856**	–
Outgoings in respect of investment properties that generated rental income	**2,271**	2,002
(Reversal of provision for)/Provision for inventories of properties and other contract costs	**(22,035)**	48,335

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 3.

9. INCOME TAX EXPENSE

	2019	2018
	RMB'000	*RMB'000*
Current income tax		
PRC corporate income tax ("CIT")		
— Current year	**1,185,487**	1,023,672
— Under/(Over) provision in respect of prior years	**57**	(1,388)
	1,185,544	1,022,284
PRC land appreciation tax ("LAT")	**803,012**	967,392
	1,988,556	1,989,676
Deferred tax	**(560,461)**	(477,817)
Total income tax expense	**1,428,095**	1,511,859

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 2019 and 2018.

(b) PRC CIT

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% (2018: 25%) for the year ended 31 December 2019.

(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 2019 and 2018.

(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 2019 and 2018.

(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 2019 and 2018.

10. DIVIDENDS

(a) Dividends attributable to the year

	2019	2018
	RMB'000	*RMB'000*
Proposed final dividend of HK$0.82 per ordinary share (2018: HK$1.20)	**668,329**	772,667

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

	2019	2018
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, of HK$1.20 per ordinary share (2018: HK$0.30)	**960,391**	180,618

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.

	2019	2018
	RMB'000	*RMB'000*
Profit for the year attributable to the equity holders of the Company	**1,717,993**	1,420,446
Distributions to holders of perpetual convertible bond	**(15,100)**	–
Profit used to determine basic earnings per share	**1,702,893**	1,420,446
Weighted average number of ordinary shares in issue (thousands)	**854,728**	734,865
Earnings per share (expressed in RMB per share)	**RMB1.99**	RMB1.93

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.

	2019	2018
	RMB'000	*RMB'000*
Profit for the year attributable to the equity holders of the Company	**1,717,993**	1,420,446
Weighted average number of ordinary shares for the purpose of basic earnings per share (thousands)	**854,728**	734,865
Effect of dilutive potential ordinary shares:		
Perpetual convertible bond	**304,655**	30,943
Weighted average number of ordinary shares in issue (thousands)	**1,159,383**	765,808
Earnings per share (expressed in RMB per share)	**RMB1.48**	RMB1.85

12. INVENTORIES OF PROPERTIES AND OTHER CONTRACT COSTS

	2019	2018
	RMB'000	*RMB'000*
Inventories of properties		
Properties under development	**72,758,410**	48,070,624
Properties held for sale	**3,150,724**	1,731,691
	75,909,134	49,802,315
Other contract costs	**258,728**	131,277
	76,167,862	49,933,592
Inventories of properties	**75,935,434**	49,850,650
Less: Provision for inventories	**(26,300)**	(48,335)
	75,909,134	49,802,315

13. TRADE AND OTHER RECEIVABLES

	2019	2018
	RMB'000	*RMB'000*
Trade receivables		
From third parties	**229,679**	71,155
Less: Loss allowance	**(11,609)**	(3,606)
	218,070	67,549
Other receivables		
Deposits	**126,448**	57,557
Prepayments	**22,979**	34,654
Other receivables	**503,479**	247,129
Prepayments for proposed development projects *(Note)*	**4,223,005**	1,407,972
Value-added-tax receivables	**1,524,771**	583,834
	6,400,682	2,331,146
Less: Loss allowance	**(14,287)**	(5,052)
	6,386,395	2,326,094
	6,604,465	2,393,643

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

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.

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

	2019	2018
	RMB'000	*RMB'000*
0–30 days	**209,933**	62,353
31–90 days	**4,129**	715
91–180 days	**747**	351
181–365 days	**1,700**	135
Over 1 year	**1,561**	3,995
	218,070	67,549

13. TRADE AND OTHER RECEIVABLES *(Continued)*

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

	2019 *RMB'000*	2018 *RMB'000*
Balance at 1 January	**3,606**	2,700
Impairment losses recognised during the year	**8,003**	906
Balance at 31 December	**11,609**	3,606

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

	2019 *RMB'000*	*2018* *RMB'000*
Balance at 1 January	**5,052**	1,666
Impairment losses recognised during the year	**9,235**	3,386
Balance at 31 December	**14,287**	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 receivables to provide for ECL prescribed by HKFRS 9. During the year ended 31 December 2019, the Group has made provision of impairment for trade receivables and other receivables of approximately RMB8,003,000 and RMB9,235,000 (2018: RMB906,000 and RMB3,386,000) respectively.

14. TRADE AND OTHER PAYABLES

	2019 *RMB'000*	2018 *RMB'000*
Trade payables	**6,420,444**	3,293,017
Other payables		
Receipts in advances and other payables	**611,433**	265,290
Interest payable	**141,736**	107,890
Salaries payable	**461,028**	245,721
Value-added-tax payable	**104,777**	150,362
Deposits received	**188,367**	171,493
Accrued expenses	**74,915**	61,344
Collection and payment on behalf of others	**96,877**	142,200
	1,679,133	1,144,300
	8,099,577	4,437,317

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

14. TRADE AND OTHER PAYABLES *(Continued)*

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:

	2019	2018
	RMB'000	*RMB'000*
0–30 days	**5,896,101**	2,929,033
31–60 days	**41,548**	14,691
61–90 days	**41,286**	43,213
Over 90 days	**441,509**	306,080
	6,420,444	3,293,017

15. SHARE CAPITAL

	Number of shares	**Amount**
		RMB'000
Authorised:		
Ordinary shares of HK$0.1 each		
At 31 December 2018 and 2019	3,000,000,000	254,870
Issued and fully paid:		
At 1 January 2018, 31 December 2018 and 1 January 2019	734,864,745	61,532
Issue of new shares *(Note (a))*	55,000,000	4,725
Conversion of perpetual convertible bond *(Note (b))*	120,000,000	10,664
At 31 December 2019	**909,864,745**	**76,921**

Notes:

(a) On 26 April 2019, the Company completed the placing of 55,000,000 ordinary shares of HK$0.1 each at a placing price of HK$9 per share under general mandate with total proceed of HK$495,000,000 (equivalents to RMB425,220,000), giving rise to an increase of share premium of approximately RMB411,135,000. Share issuance expenses directly attributable to the issue of new shares amounting to RMB9,360,000 was treated as a deduction against the share premium account.

15. SHARE CAPITAL *(Continued)*

Notes: (Continued)

(b) On 30 November 2018, the Company issued perpetual convertible bond with an aggregate principal of HK$3,000,000,000 (equivalent to RMB2,666,100,000) to Well Land under specific mandate for repayment of loans from the shareholder as set out in the announcements dated 7 September 2018 and 30 November 2018 and the circular dated 27 October 2018.

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 26 April 2019, Well Land exercised the conversion rights with conversion of 120,000,000 shares at the conversion price of HK$8.50 per share, giving rise to an increase in share capital and share premium of approximately RMB10,644,000 and RMB895,810,000 respectively. Distributions to holders of perpetual convertible bond amounting to RMB15,100,000 was treated as a deduction against the share premium account.

16. EVENT AFTER THE REPORTING PERIOD

After the outbreak of novel coronavirus, a series of precautionary and control measures have been implemented across the PRC. In the meantime, the Group has implemented precautionary and control measures in all projects to fight against this disease and safeguard its employees and business operations. The Group will pay close attention to the development of this disease and evaluate its impact on the financial position and operating results of the Group. As at the date of this announcement, the Group was not aware of any material adverse effects on the consolidated financial statements as a result of this disease.

17. COMPARATIVE FIGURES

The Group has initially applied HKFRS 16 as at 1 January 2019. Under the transition methods chosen, comparative information is not restated. Further details of the changes in accounting policies are disclosed in Note 3. Certain comparative figures have been reclassified to conform with the current year's presentation of the consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In 2019, despite the global economic slowdown and the rising trade protectionism, China has retained its economic growth stably. In 2019, with the key control objectives of "stabilizing land and housing prices while managing market expectations", China's real estate industry continues to adhere to the control measure of "implementation customised for city". Meanwhile, given the acceleration of financial deleveraging, real estate industry has implemented more stringent financing regulation with tightening financing environment. With the increasing household consumption, it is expected that the improved demand for in pursuit of high-quality products will become the market mainstream in the future, so as to further accelerate the market integration and concentration.

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 approximately RMB17.99515 billion, representing a year-on-year increase by approximately RMB5.62373 billion as compared with the previous financial year. Gross profit was approximately RMB4.65334 billion, representing a year-on-year increase by approximately RMB538.18 million as compared with the previous financial year. Profit for the Year increased by approximately RMB419.67 million year-on-year to approximately RMB1.99757 billion in the Year as compared with the previous financial year. Profit attributable to the owners of the Company increased by approximately RMB297.55 million year-on-year to approximately RMB1.71799 billion in the Year as compared with the previous financial year.

Property Development Business

Sales of Properties in 2019

In the Year, the Group's revenue from sales of properties was approximately RMB17.10529 billion, representing a year-on-year increase by approximately RMB5.58835 billion as compared with the previous financial year and accounting for approximately 95.06% of the Group's total revenue. For the year ended 31 December 2019, the gross floor area ("GFA") of delivered properties was approximately 1,267,100 sq.m., representing an increase by approximately 466,800 sq.m. as compared with the previous financial year.

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•Shanwaishan* (建發•山外山)	Changtai	4,927	2,881	17,102
Jianfa•Bihushuangxi* (建發•碧湖雙璽)	Zhangzhou	3,134	2,292	13,674
Shangyue House* (尚悅居)	Longyan	124,292	121,228	10,253
Jianfa•Shouyuan* (建發•首院)	Longyan	43,597	33,763	12,913
Jianfa•Zhongyang Tiancheng* (建發•中泱天成)	Quanzhou	7,260	5,878	12,351
Jianfa•Lingjun* (建發•領郡)	Lianjiang	12,612	20,668	6,102
Guandi* (觀邸)	Shaxian	59,900	92,015	6,510
Jianfa•Yangzhu* (建發•央著)	Jianyang	56,748	52,947	10,718
Jianfa•Yuecheng* (建發•悅城)	Jian'ou	64,542	96,586	6,682
Jianfa•Zhongyang Yuefu* (建發•中央悅府)	Changsha	2,664	2,701	9,863
Jianfa•Yangzhu* (建發•央著)	Changsha	107,626	68,706	15,665
Jianfa•Yangxi* (建發•央璽)	Changsha	139,761	98,706	14,159
Jianfa•Yangzhu* (建發•泱著)	Taicang	82,626	42,746	19,330
Jianfa•Dushuwan* (建發•獨墅灣)	Suzhou	148,460	88,436	16,787
Jianfa•Yangyu* (建發•泱譽)	Suzhou	318,513	146,701	21,712
Jianfa & Yangguangcheng•Puyue* (建發&陽光城•璞悅)	Suzhou	33,921	18,959	17,892
Jianfa•Yulongwan* (建發•御瓏灣)	Zhangjiagang	288,471	205,851	14,014
Jianfa•Jiuliwan* (建發•玖里灣)	Wuxi	161,566	90,041	17,944
Jianfa•Xiyuan* (建發•璽院)	Nanning	49,486	74,084	6,680
Fond England* (裕豐英倫)	Nanning	423	1,875	2,256
Total		**1,710,529**	**1,267,064**	**13,500**

The amount and GFA of each project recognized for sales in 2018 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* (建發•碧湖雙璽)	Zhangzhou	308,924	171,182	18,047
Jianfa•Dushuwan* (建發•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* (建發•御瓏灣)	Zhangjiagang	72,857	47,347	15,388
Jianfa•Shanwaishan* (建發•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* (建發•中泱天成)	Quanzhou	50,339	45,861	10,976
Jianfa•Zhongyang Yuefu* (建發•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**

Contracted Sales in 2019

In the Year, the Group achieved contracted sales of approximately RMB50.77976 billion, representing a year-on-year increase by approximately RMB25.98927 billion as compared with the previous financial year. As of 31 December 2019, the contracted GFA of properties was approximately 2,932,400 sq.m., representing an increase by approximately 1,290,600 sq.m. as compared with the previous financial year.

The Group has launched 26 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•Yangzhu* (建發•央著)	Xiamen	101,502	29,293	34,651
Jianfa•Yangzhu Phase II* (建發•央著二期)	Xiamen	263,209	74,970	35,109
Jianfa•Xiyue* (建發•璽樾)	Xiamen	628,084	115,417	54,419
Jianfa•Shanwaishan* (建發•山外山)	Changtai	42,061	31,778	13,236
Jianfa•Bihushuangxi* (建發•碧湖雙璽)	Zhangzhou	3,164	2,246	14,087
Jianfa•Xiyuan* (建發•璽院)	Zhangzhou	162,403	74,749	21,726
Jianfa•Yangzhu* (建發•央著)	Zhangzhou	130,846	71,219	18,372
Jianfa•Xiyuan* (建發•璽院)	Zhangpu	29,998	40,134	7,474
Jianfa•Xiyuan* (建發•璽院)	Longyan	49,963	44,763	11,162
Shangyue House* (尚悅居)	Longyan	4,578	7,632	5,998
Jianfa•Shouyuan* (建發•首院)	Longyan	146,646	127,915	11,464
Jianfa•Zhongyang Tiancheng* (建發•中泱天成)	Quanzhou	2,295	2,143	10,709
Jianfa•Yangzhu* (建發•央著)	Putian	182,924	150,924	12,120
Jianfa•Yangyu* (建發•央譽)	Putian	178,487	127,935	13,951
Jianfa•Yangzhu* (建發•央著)	Fuzhou	86,897	32,005	27,151
City of Sky* (天空之城)	Fuzhou	329,093	129,800	25,354
Jianfa•Lingfu Xinyuan* (建發•領賦新苑)	Fuzhou	115,606	61,664	18,748
Jianfa•Lingjun* (建發•領郡)	Lianjiang	4,050	5,785	7,001
Jianfa & Rongqiao•Shanhai Daguan 01, 03, 04* (建發&融僑•山海大觀 01、03、04)	Lianjiang	20,035	22,814	8,782
Jianfa•Xiyuan* (建發•璽院)	Lianjiang	42,161	55,759	7,561
Guandi* (觀邸)	Shaxian	16,301	28,198	5,781
Jianfa•Yangzhu* (建發•央著)	Jianyang	88,569	80,265	11,035
Wuyi & Jianfa•Shanwaishan* (武夷&建發•山外山)	Wuyishan	76,448	50,442	15,156
Jianfa•Yuecheng* (建發•悅城)	Jian'ou	51,922	70,424	7,373
Jianfa•Xiyuan* (建發•璽院)	Jian'ou	57,077	71,808	7,949
Jianfa•Xiyue* (建發•璽悅)	Jian'ou	75,273	89,428	8,417
Jianfa•Tianxing Yangzhu* (建發•天行央著)	Ningde	140,594	104,104	13,505
Jianfa•Tianxing Xiyuan* (建發•天行璽院)	Ningde	14,745	13,599	10,843
Jianfa•Zhongyang Yuefu* (建發•中央悅府)	Changsha	2,796	2,701	10,352
Jianfa•Yangzhu* (建發•央著)	Changsha	169,345	100,196	16,901
Jianfa•Yangxi* (建發•央璽)	Changsha	61,426	40,336	15,229
Jinmao & Jianfa•Guanyue* (金茂&建發•觀悅)	Changsha	18,642	13,922	13,390
Jianfa•Xiyuan* (建發•璽院)	Wuhan	16,467	8,873	18,559
Jianfa & Jinmao•Xiyue* (建發&金茂•璽悅)	Wuhan	99,016	74,700	13,255
Jianfa•Yangyu* (建發•泱譽)	Taicang	12,540	6,748	18,583
Jianfa•Yangzhu* (建發•泱著)	Taicang	90,579	43,000	21,065

Name of Project	City	**Amount** *(RMB ten thousand)*	**GFA** *(sq.m.)*	**Average selling price** *(RMB/sq.m.)*
Duhuizhiguang* (都會之光)	Taicang	51,346	23,452	21,894
Jianfa•Dushuwan* (建發•獨墅灣)	Suzhou	92,655	74,223	12,483
Jianfa•Yangyu* (建發•泱譽)	Suzhou	257,071	123,745	20,774
Jianfa & Yangguangcheng•Puyue* (建發&陽光城•璞悦)	Suzhou	44,471	22,971	19,360
Jianfa•Yulongwan* (建發•御瓏灣)	Zhangjiagang	236,720	155,248	15,248
Jianfa•Tianxi* (建發•天璽)	Zhangjiagang	2,566	1,845	13,908
Jianfa•Yangyu* (建發•泱譽)	Zhangjiagang	117,550	62,837	18,707
Jianfa•Jiuliwan* (建發•玖里灣)	Wuxi	418,983	231,220	18,121
Jiuli Yingyue* (玖里映月)	Wuxi	18,571	8,035	23,113
Jianfa•Runjinyuan (formerly Jianfa•Guobinfu)* (建發•潤錦園(原建發•國賓府))	Nanjing	10,224	4,174	24,494
Jianfa•Yangyu* (建發•央譽)	Nanjing	104,804	65,219	16,070
Xixi Yunlu* (西溪雲廬)	Hangzhou	7,376	1,990	37,065
Jianfa•Jingyuexuan* (建發•璟悦軒)	Shenzhen	8,823	2,109	41,835
Jianfa•Xiyuan* (建發•璽院)	Nanning	42,852	49,270	8,697
Jianfa•Yuexi* (建發 • 悦璽)	Nanning	73,674	70,216	10,492
Jianfa & Jiulongcang•Yangxi* (建發&九龍倉•央璽)	Guangzhou	39,244	8,450	46,443
Jianfa•Xiyuan* (建發•璽園)	Zhuhai	34,860	17,797	19,588
Fond England* (裕豐英倫)	Nanning	444	1,875	2,368
Total		**5,077,976**	**2,932,365**	**17,317**

The amount and GFA of each project contracted for sales in 2018 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*(建發•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* (建發•御瓏灣)	Zhangjiagang	300,470	195,327	15,383
Jianfa•Yangyu* (建發•泱譽)	Zhangjiagang	12,788	6,707	19,067
Jianfa•Tianxi* (建發•天璽)	Zhangjiagang	200,762	138,118	14,536
Jianfa•Yangxi* (建發•央璽)	Changsha	136,735	90,391	15,127
Jianfa•Yangzhu* (建發•央著)	Changsha	91,579	52,470	17,454

Name of Project	City	**Amount** *(RMB ten thousand)*	**GFA** *(sq.m.)*	**Average selling price** *(RMB/sq.m.)*
Jianfa•Zhongyang Yuefu* (建發•中央悦府)	Changsha	31,198	34,884	8,943
Jianfa•Xiyuan* (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* (建發•央著)	Fuzhou	38,411	67,585	5,683
Jianfa•Xiyuan* (建發•璽院)	Lianjiang	7,237	11,014	6,571
Jianfa•Shanwaishan*(建發•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* (建發•玖里灣)	Wuxi	48,851	26,855	18,191
Jianfa•Bihushuangxi* (建發•碧湖雙璽)	Zhangzhou	38,259	22,465	17,030
Jianfa•Yangzhu* (建發•央著)	Xiamen	33,997	9,651	35,226
Jianfa•Xiyuan* (建發•璽院)	Nanning	24,449	24,844	9,841
Jianfa•Xiyuan* (建發•璽院)	Zhangzhou	19,505	7,381	26,426
Jianfa•Yangzhu* (建發•央著)	Jianyang	17,990	15,855	11,347
Jianfa•Yangzhu* (建發•泱著)	Taicang	12,908	6,280	20,554
Jianfa•Zhongyang Tiancheng* (建發•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**

Land Reserves

As of 31 December 2019, the aggregate saleable GFA of land reserves of the Group was approximately 9,346,900 sq.m., with a total of 83 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* (建發•央著)	Xiamen	43,251	49%	21,193
Jianfa•Yangzhu Phase II* (建發•央著二期)	Xiamen	43,953	51%	22,416
Jianfa•Xiyue* (建發•璽樾)	Xiamen	80,671	95%	76,637
Land Parcel No. H2019P03 in Haicang* (海滄H2019P03地塊)	Xiamen	107,561	49.5%	53,243
Land Parcel No. 2019HP01 in Haicang* (海滄2019HP01地塊)	Xiamen	116,448	51%	59,388
Land Parcel No. 2019HP02 in Haicang* (海滄2019HP02地塊)	Xiamen	73,398	100%	73,398
Land Parcel No. 2019HP03 in Haicang* (海滄2019HP03地塊)	Xiamen	80,270	100%	80,270
Jianfa•Shanwaishan* (建發•山外山)	Changtai	81,167	94%	76,297
Land Parcel No. D-02 in Changtai* (長泰D-02地塊)	Changtai	75,557	60%	45,334
Jianfa•Bihushuangxi* (建發•碧湖雙璽)	Zhangzhou	7,748	100%	7,748
Jianfa•Xiyuan* (建發•璽院)	Zhangzhou	37,315	100%	37,315
Jianfa•Yangzhu (formerly Land Parcel of No. 08 in Bihu, Zhangzhou)* (建發•央著 (原漳州碧湖08地塊))	Zhangzhou	42,551	70%	29,786
Jianfa•Yangyu* (建發•央譽)	Zhangzhou	120,160	100%	120,160
Jianfa•Xiyuan* (建發•璽院)	Zhangpu	361,458	70%	253,021
Land Parcel No. 2019P12 in Zhangzhou* (漳州2019P12地塊)	Zhangzhou	94,201	70%	65,941
Jianfa•Xiyuan* (建發•璽院)	Longyan	12,620	30%	3,786
Shangyue House* (尚悅居)	Longyan	12,159	40%	4,864
Jianfa•Shouyuan* (建發•首院)	Longyan	64,037	100%	64,037
Land Parcel No. 2019 Lot-17 in Longyan* (龍岩2019拍-17地塊)	Longyan	102,423	55%	56,333
Land Parcel No. 2019 Lot-19 in Longyan* (龍岩2019拍-19地塊)	Longyan	117,684	70%	82,379
Jianfa•Zhongyang Tiancheng* (建發•中泱天成)	Quanzhou	8,168	40%	3,267
Jianfa•Yangzhu (formerly Land Parcel No.2018–19 in Putian)* (建發•央著 (原莆田2018–19地塊))	Putian	3,760	100%	3,760
Jianfa•Yangyu* (建發•央譽)	Putian	2,966	100%	2,966

Name of Project	City	Saleable GFA *(sq.m.)*	Interests held by the Group	Attributable GFA *(sq.m.)*
Jianfa•Panlongfu (formerly Land Parcel No. 2019-16 in Panlong Shanzhuang Area, Licheng District)* (建發 • 磐龍府 (原荔城區磐龍山莊片區2019-16地塊))	Putian	323,066	100%	323,066
Jianfa•Yongjingwan* (建發•雍景灣)	Putian	91,979	100%	91,979
Jianfa•Xiyuan* (建發•璽院)	Xianyou	135,896	55%	74,743
Jianfa•Yangzhu* (建發•央著)	Fuzhou	65,293	51.6%	33,691
City of Sky* (天空之城)	Fuzhou	301,067	16.50%	49,676
Jianfa•Lingfu Xinyuan* (建發•領賦新苑)	Fuzhou	13,513	100%	13,513
Jianfa•Lingjun* (建發•領郡)	Lianjiang	1,492	78%	1,164
Jianfa & Rongqiao•Shanhai Daguan 01, 03, 04* (建發&融僑•山海大觀 01、03、04)	Lianjiang	165,047	46.15%	76,169
Jianfa & Rongqiao•Shanhai Daguan 02* (建發&融僑•山海大觀02)	Lianjiang	148,683	55.58%	82,638
Jianfa•Xiyuan* (建發•璽院)	Lianjiang	26,003	70%	18,202
Jianfa•Yangjun* (建發 • 泱郡)	Lianjiang	91,376	100%	91,376
Guandi* (觀邸)	Shaxian	11,601	51%	5,917
Jianfa•Yangzhu* (建發•央著)	Jianyang	50,495	70%	35,347
Wuyi & Jianfa•Shanwaishan* (武夷&建發•山外山)	Wuyishan	43,495	50%	21,748
Jianfa•Yuecheng* (建發•悅城)	Jian'ou	74,120	75%	55,590
Jianfa•Xiyuan* (建發•璽院)	Jian'ou	61,807	70%	43,265
Jianfa•Xiyue* (建發•璽悅)	Jian'ou	287,834	75%	215,876
Jianfa•Tianxing Yangzhu* (建發 • 天行央著)	Ningde	23,213	50%	11,607
Jianfa•Tianxing Xiyuan* (建發•天行璽院)	Ningde	215,580	55%	118,569
Jianfa•Yangzhu* (建發•央著)	Changsha	237,008	100%	237,008
Jianfa•Yangxi* (建發•央璽)	Changsha	17,809	100%	17,809
Jinmao & Jianfa•Guanyue* (金茂&建發•觀悅)	Changsha	230,713	49%	113,049
Land Parcel No. 011 in Changsha* (長沙縣011號地塊)	Changsha	307,299	49%	150,577
Land Parcel No. 079 in Changsha* (長沙縣079號地塊)	Changsha	505,488	49%	247,689
Jinmao & Jianfa•Boyue* (金茂&建發•鉑悅)	Changsha	156,827	49%	76,845
Jianfa•Xiyuan* (建發•璽院)	Wuhan	121,639	49%	59,603
Jianfa & Jinmao•Xiyue* (建發&金茂•璽悅)	Wuhan	178,422	51%	90,995
Jianfa•Yangyu* (建發•泱譽)	Taicang	86,860	100%	86,860
Jianfa•Yangzhu* (建發•泱著)	Taicang	81,589	100%	81,589
Duhuizhiguang* (都會之光)	Taicang	97,899	30%	29,370
Jianfa•Tianjingwan* (建發 • 天境灣)	Taicang	141,941	100%	141,941
Jianfa•Dushuwan* (建發•獨墅灣)	Suzhou	33,668	97.5%	32,826
Jianfa•Yangyu* (建發•泱譽)	Suzhou	20,285	100%	20,285
Jianfa & Yangguangcheng•Puyue* (建發&陽光城•璞悅)	Suzhou	24,126	55%	13,269

Name of Project	City	**Saleable GFA** *(sq.m.)*	**Interests held by the Group**	**Attributable GFA** *(sq.m.)*
Land Parcel No. 2019A-017 in Changshu* (常熟2019A-017地塊)	Changshu	101,751	100%	101,751
Land Parcel No. WJ-J-2019-017 in Wuiiang* (吳江WJ-J-2019-017號地塊)	Suzhou	100,399	100%	100,399
Land Parcel No. WJ-J-2019-018 in Wuiiang* (吳江WJ-J-2019-018號地塊)	Suzhou	77,228	100%	77,228
Land Parcel No. 2019-WG-28 in Sudi* (蘇地2019-WG-28號地塊)	Suzhou	83,615	100%	83,615
Jianfa•Yulongwan* (建發•御瓏灣)	Zhangjiagang	5,801	70%	4,061
Jianfa•Yangyu* (建發•泱譽)	Zhangjiagang	81,279	100%	81,279
Jianfa•Yujingwan* (建發•御璟灣)	Zhangjiagang	459,156	100%	459,156
Jianfa•Jiuliwan* (建發•玖里灣)	Wuxi	162,196	100%	162,196
Hexi* (和璽)	Wuxi	243,382	49%	119,257
Jiuli Yingyue* (玖里映月)	Wuxi	170,596	42%	71,650
Jianfa•Runjinyuan (formerly Jianfa•Guobinfu)* (建發潤錦園(原建發•國賓府))	Nanjing	69,894	50%	34,947
Jianfa•Yangyu* (建發•央譽)	Nanjing	92,438	40%	36,975
Land Parcel No. G15 in Lishui, Nanjing* (南京溧水G15地塊)	Nanjing	242,077	49%	118,618
Yangyun Jingshe* (養雲靜舍)	Hangzhou	44,520	40.18%	17,888
Xixi Yunlu* (西溪雲廬)	Hangzhou	13,998	10.5%	1,470
Jianfa•Jingyuexuan* (建發•璟悅軒)	Shenzhen	33,490	51%	17,080
Jianfa•Xiyuan* (建發•璽院)	Nanning	21,682	51%	11,058
Jianfa•Yuexi* (建發 • 悅璽)	Nanning	302,617	60%	181,570
Jianfa•Yangxi (formerly Land Parcel No. GC2019-055 in Wuxiang New District, Nanning)* (建發•央璽 (原南寧五象新區GC2019-055地塊))	Nanning	280,814	100%	280,814
Jianfa•Xiyuan Phase II* (建發 • 璽院二期)	Nanning	59,660	51%	30,427
Jianfa•Shuangxi* (建發•雙璽)	Nanning	253,124	100%	253,124
Jianfa & Jiulongcang•Yangxi* (建發&九龍倉•央璽)	Guangzhou	175,618	64%	112,396
Jianfa•Xiyuan* (建發•璽院)	Zhuhai	100,933	100%	100,933
Jianfa•Xiyuan* (建發•璽園)	Zhuhai	36,474	51%	18,602
Jianfa•Yangjingyuan* (建發•央璟園)	Zhuhai	63,807	100%	63,807
Australia Project	Sydney	7,663	60%	4,598
Total		**9,346,871**		**6,552,289**

The amount of saleable GFA of land reserves in 2018 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* (建發•央著)	Xiamen	72,543	49%	35,546
Jianfa•Yangzhu Phase II* (建發•央著二期)	Xiamen	121,454	51%	61,942
Jianfa•Xiyue * (建發•璽樾)	Xiamen	153,972	95%	146,273
Jianfa•Shanwaishan* (建發•山外山)	Changtai	119,498	94%	112,328
Jianfa•Bihushuangxi* (建發•碧湖雙璽)	Zhangzhou	9,994	100%	9,994
Jianfa•Xiyuan* (建發•璽院)	Zhangzhou	112,207	100%	112,207
Jianfa• Yangzhu (formerly Land Parcel of No. 08 in Bihu, Zhangzhou)* (建發•央著 (原漳州碧湖08地塊))	Zhangzhou	111,551	70%	78,086
Jianfa•Shouyuan* (建發•首院)	Longyan	192,169	100%	192,169
Jianfa•Xiyuan* (建發•璽院)	Longyan	60,120	30%	18,036
Shangyue House* (尚悅居)	Longyan	22,710	40%	9,084
Jianfa•Yangzhu* (建發•央著)	Fuzhou	97,786	51.6%	50,458
Jianfa•Lingjun* (建發•領郡)	Lianjiang	7,560	78%	5,897
Jianfa & Rongqiao•Shanhai Daguan 01, 03, 04* (建發&融橋•山海大觀01、03、04)	Lianjiang	199,969	46.15%	92,286
Jianfa & Rongqiao•Shanhai Daguan 02* (建發&融橋•山海大觀02)	Lianjiang	148,683	55.58%	82,638
Jianfa•Xiyuan* (建發•璽院)	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
Jianfa•Yangzhu (formerly Land Parcel No. 2018-19 in Putian)* (建發•央著 (原莆田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* (建發•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* (建發•央譽)	Nanjing	157,660	40%	63,064
Jianfa•Runjinyuan (formerly Jianfa•Guobinfu)* (建發•潤錦園(原建發•國賓府))	Nanjing	74,325	50%	37,162
Jianfa•Yangyu* (建發•泱譽)	Suzhou	131,310	100%	131,310
Jianfa•Dushuwan* (建發•獨墅灣)	Suzhou	102,390	97.5%	99,830
Jianfa & Yangguangcheng•Puyue* (建發&陽光城•璞悦)	Suzhou	47,097	55%	25,903
Jianfa•Yulongwan* (建發•御瓏灣)	Zhangjiagang	161,497	70%	113,048
Jianfa•Yangyu* (建發•泱譽)	Zhangjiagang	144,136	100%	144,136
Tianxi* (天璽)	Zhangjiagang	2,055	25%	514
Jianfa•Yangyu* (建發•泱譽)	Taicang	93,608	100%	93,608
Jianfa•Yangzhu* (建發•泱著)	Taicang	124,338	100%	124,338
Duhuizhiguang* (都會之光)	Taicang	121,351	30%	36,405
Jianfa•Jiuliwan* (建發•玖里灣)	Wuxi	412,601	100%	412,601
Jianfa•Yangzhu* (建發•央著)	Changsha	339,110	100%	339,110
Jianfa•Yangxi* (建發•央璽)	Changsha	66,333	100%	66,333
Jianfa•Zhongyang Yuefu* (建發•中央悦府)	Changsha	2,701	100%	2,701

Name of Project	City	Saleable GFA *(sq.m.)*	Interests held by the Group	Attributable GFA *(sq.m.)*
Jianfa & Jinmao•Xiyue* (建發&金茂•璽悅)	Wuhan	259,523	51%	132,357
Jianfa•Xiyuan* (建發•璽院)	Wuhan	149,359	49%	73,186
Jianfa & Jiulongcang Yangxi* (建發&九龍倉•央璽)	Guangzhou	183,178	64%	117,234
Jianfa•Jingyuexuan (建發•璟悅軒)	Shenzhen	35,063	51%	17,882
Yangyun Jingshe* (養雲靜舍)	Hangzhou	44,520	40.18%	17,888
Xixi Yunlu* (西溪雲廬)	Hangzhou	15,988	10.5%	1,679
Jianfa•Xiyuan* (建發•璽院)	Zhuhai	80,864	100%	80,864
Jianfa•Xiyuan* (建發•璽園)	Zhuhai	56,176	51%	28,650
Jianfa•Xiyuan* (建發•璽院)	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**

Real Estate Industrial Chain Investment Services

1. *Property Management*

   During the Year, the revenue from property management services amounted to approximately RMB654.64 million (2018: approximately RMB523.82 million).

   As at 31 December 2019, the property management segment of the Group has provided quality service for more than 132,000 property owners, spanning across 10 provinces, one municipality and 32 cities in PRC, with contracted management area amounting to nearly 35,000,000 sq.m..

2. *Commercial assets management*

   The revenue from the Group's commercial assets management business during the Year amounted to approximately RMB122.18 million (2018: approximately RMB166.08 million).

   The Group's own leasing properties and 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 mainly located in Xingning District* (興寧區) and Xixiangtang District* (西鄉塘區) of Nanning and Putuo District* (普陀區), Yangpu District* (楊浦區) and Jiading District* (嘉定區) of Shanghai. As at 31 December 2019, the Group's retail units comprised an aggregate rentable GFA of approximately 118,387 sq.m. (as at 31 December 2018: approximately 118,480 sq.m.) in the PRC (including an underground parking area of approximately 3,954 sq.m. used as a temporary parking area (as at 31 December 2018: approximately 3,954 sq.m.)), of which an aggregate GFA of approximately 95,514 sq.m. in the PRC had been leased out (as at 31 December 2018: approximately 101,454 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 RMB91.79 million (2018: approximately RMB149.01 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) others.

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:

	2019		2018	
	RMB'000	*%*	*RMB'000*	*%*
Sales of properties	**17,105,290**	**95.06**	11,516,938	93.10
Property management income	**654,637**	**3.64**	523,824	4.23
Commercial assets management income	**122,182**	**0.68**	166,082	1.34
Entrusted construction services income	**91,792**	**0.51**	149,005	1.20
Others *(Note)*	**21,245**	**0.11**	15,566	0.13
Total	**17,995,146**	**100.00**	12,371,415	100.00

Note: Smart construction service income

Sales of properties increased by about RMB5.58835 billion from approximately RMB11.51694 billion for the year ended 31 December 2018 to approximately RMB17.10529 billion in the Year. Saleable GFA delivered for the years ended 31 December 2018 and 2019 were approximately 800,300 sq.m. and approximately 1,267,100 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 10 new projects in the Year.

Cost of Sales

Cost of sales increased by about RMB5.08555 billion from approximately RMB8.25626 billion for the year ended 31 December 2018 to approximately RMB13.34181 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 RMB4.11516 billion and approximately RMB4.65334 billion for the years ended 31 December 2018 and 2019 respectively, representing a gross profit margin of approximately 33.26% and 25.86% respectively. The decrease in gross profit was mainly due to policy-controlled house prices and increase in costs of land acquisition.

Other Net Gain

Other net gain increased from approximately RMB209.88 million for the year ended 31 December 2018 to approximately RMB308.76 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 RMB2.20437 billion for the year ended 31 December 2018 to approximately RMB2.85304 billion for the Year. The increase was mainly due to an increase in capital requirements raised by an increase in property projects.

Loss on Changes in Fair Value of Investment Properties

The loss of changes in fair value of investment properties was approximately RMB6.31 million for the Year (2018: gain of approximately RMB5.31 million), mainly due to the fact that the market environment in Xingning District, Nanning in 2019 was slightly worse than that in 2018. The loss reflected the adjustments in the value of investment properties during the Year.

Administrative Expenses

Administrative expenses decreased by approximately RMB60.15 million to approximately RMB91.41 million for the Year from approximately RMB151.56 million for the year ended 31 December 2018. This was primarily due to the fact that the provision for property inventory made for previous year have been reversed this Year.

Selling Expenses

Selling expenses increased by approximately RMB585.47 million to approximately RMB1.18109 billion for the Year from approximately RMB595.62 million for the year ended 31 December 2018. It was primarily due to (i) an increase in labour cost as a result of an increase in the number of staff; and (ii) 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 2018.

Profit before Income Tax

As a cumulative effect of the foregoing factors, the Group recorded a profit before income tax of approximately RMB3.42567 billion for the Year, representing an increase of approximately RMB335.91 million (approximately 10.87%) from a profit of approximately RMB3.08976 billion in the previous financial year.

Income Tax Expense

Income tax expense decreased from approximately RMB1.51186 billion in the previous financial year to approximately RMB1.42810 billion for the Year. The decrease in income tax was mainly due to a decrease in land appreciation tax 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 approximately RMB297.55 million (approximately 20.95%) from approximately RMB1.42045 billion in the previous financial year to approximately RMB1.71799 billion for the Year.

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 company 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 2019, the Group's cash at banks and on hand amounted to approximately RMB11.56227 billion (as at 31 December 2018: approximately RMB4.54744 billion) while total assets and net assets (after deducting non-controlling interests) were approximately RMB115.58882 billion (as at 31 December 2018: approximately RMB62.77495 billion) and RMB7.29815 billion (as at 31 December 2018: approximately RMB6.09402 billion) respectively. As at 31 December 2019, the Group's working capital amounted to approximately RMB48.27689 billion (as at 31 December 2018: approximately RMB32.76192 billion). As at 31 December 2019, the Group recorded net debt of approximately RMB34.46231 billion (as at 31 December 2018: approximately RMB25.67009 billion) with net debt to equity ratio of approximately 175.74% (as at 31 December 2018: approximately 242.08%).

As at 31 December 2019, the Group had (i) interest-bearing borrowings of approximately RMB2.10026 billion and RMB16.60 million denominated in HK$ and AUD respectively which bore an interest rate ranging from 3.4% to 5.1% and at 4.78% (as at 31 December 2018: approximately RMB1.11415 billion and RMB16.65 million, with an interest rate ranging from 3.4% to 5.1% and at 4.78% respectively) per annum respectively; (ii) interest-bearing borrowings (including receipts under securitisation arrangements) of approximately RMB18.54616 billion denominated in RMB which bore an interest rate ranging from 4.35% to 7.0% (as at 31 December 2018: approximately RMB10.76272 billion, with an interest rate ranging from 4.89% to 7.3%) per annum; (iii) loans from intermediate holding company of approximately RMB23.08230 billion denominated in RMB which bore an interest rate at 5.7% (as at 31 December 2018: approximately RMB16.08215 billion, with an interest rate ranging from 5.9% to 6.18%) per annum; and (iv) the amounts due to non-controlling shareholders of approximately RMB 11.95 million and RMB2.26731 billion denominated in AUD and RMB respectively which bore an interest rate at 6% and ranging from 4.35% to 8.0% (as at 31 December 2018: approximately RMB10.33 million and approximately RMB2.23153 billion, with an interest rate at 6% and ranging from 4.35% to 10%) 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) decreased to 234.7% as at 31 December 2019 (31 December 2018: 284.96%) as the share capital and contribution from the non-controlling shareholders increased during the Year.

Of the total borrowings, approximately RMB8.04273 billion are repayable within one year while approximately RMB37.04525 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 2019 was approximately RMB19.84087 billion (as at 31 December 2018: approximately RMB10.07453 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 RMB14.95095 billion as at 31 December 2019 (as at 31 December 2018: approximately RMB16.27227 billion). The decrease was attributable to the decrease in prepayments for intended projects that concluded but not provided for allowance during the Year as compared to 2018.

Pledge of Assets

As at 31 December 2019, the Group's bank loan was secured by the legal charges over its property, plant and equipment with carrying value of approximately RMB10.08 million (as at 31 December 2018: approximately RMB10.22 million), investment properties with a fair value of approximately RMB622.00 million (as at 31 December 2018: approximately RMB596.00 million) and properties under development with carrying value of approximately RMB16.91808 billion (as at 31 December 2018: approximately RMB10.87666 billion).

Capital Structure

As at 31 December 2019, the Company's issued share capital was HK$90,986,474.5, divided into 909,864,745 ordinary shares (the "Shares") of HK$0.1 each (as at 31 December 2018: HK$73,486,474.5, divided into 734,864,745 Shares).

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 2019, 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 2019, the Group did not have any material contingent liabilities (as at 31 December 2018: Nil).

Employees and Emolument Policy

As at 31 December 2019, the Group employed a total of 7,285 full-time employees (2018: 6,307 full-time employees). Total staff costs, including Directors' emoluments, of the Group were approximately RMB1.26191 billion (2018: approximately RMB731.24 million). The Group reviews the remuneration policies and packages on a regular basis and makes necessary adjustment 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

After the outbreak of novel coronavirus, a series of precautionary and control measures have been implemented across the PRC. In the meantime, the Group has implemented precautionary and control measures in all projects to fight against this disease and safeguard its employees and business operations. The Group will pay close attention to the development of this disease and evaluate its impact on the financial position and operating results of the Group. As at the date of this announcement, the Group was not aware of any material adverse effects on the consolidated financial statements as a result of this disease.

OUTLOOK AND PROSPECT

Affected by the outbreak of novel coronavirus, global economic activity has been severely impacted. Under the effective control measures of the PRC government, prevention and control of epidemic will be continued. As the Group has fewer development projects (only two projects) in Hubei Province where experienced more severe outbreak, the impact of the epidemic on the Group is expected to be relatively little, and the Group will take proactive measures to adhere to its orientation as the "integrated service provider in real estate development and real estate industrial chain investment services" and leverage on the advantage of state-owned shareholders' background, with full utilisation of its own advantages and resources to continue to strengthen the main business of real estate development, improve the investment service layout of the real estate industry chain, facilitate the value transfer function of the capital market, establish the corporate brands, and achieve sustained, high-speed and quality development.

1. Strengthening the real estate development business and protecting core competitive advantage

For securing projects, the Group will cultivate it presence in five core regions, such as southern Fujian, northern Fujian, East China, Central China and South China, to consolidate the market position of existing core cities and choose the appropriate way of developing potential cities. By combining its advantages in terms of products, operations, capital and brands, the Group will focus on the process of land acquisition with an increase of quality land bank to enhance sustainable growth. For the product positioning, the Group will adhere to the strategy of coordinated model of "product + service" so as to improve the customer base as a point of penetration, create products with "new Chinese" craftsmanship, provide quality property management services, create high reputation of the brand and expand corporate influence.

2. Continuously promoting the synergic development of investment service business in the real estate industry chain

The Group has been focusing on the synergy among real estate industry chain investment service business which is committed to creating new growing points in the future. The Group will focus on the aim of "expanding business scale and market boundaries" in terms of its real estate industry chain investment service business for continuously improving service quality and operating efficiency and enhancing its capabilities to create cash flow. For instance, commercial asset management business should strive to explore new business management models to further improve operating efficiency; the property management business should expand from residential property management to public facilities property management and extent the scale of management for promoting service standardization and intelligence; entrusted construction service business should intensify its efforts to introduce new projects so as to establish the corporate brand of entrusted construction and enhance reputation of entrusted construction in the industry.

3. Actively improving the image of listed company in the capital market

The Group adheres to the open and transparent information disclosure, maintains a positive and sincere attitude, carries out a proactive communication and interaction with the capital market, establishes long-term, friendly and stable investor relations, and improves corporate governance.

As mentioned above, the Group will continue to improve its operating capabilities by optimising project operation efficiency, strengthening corporate brand and establishing a solid foundation for future sustainable development, so as to continuously enhance the corporate and shareholder value.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK$0.82 per Share in respect of the Year (2018: final dividend of HK$1.20 per Share), subject to the approval at the forthcoming annual general meeting of the Company (the "AGM"). Based on the 909,864,745 Shares in issue as at 31 December 2019, it is expected that the final dividend payable will amount to HK$746,089,091 (equivalent to approximately RMB668,329,000). 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 Wednesday, 3 June 2020.

ANNUAL GENERAL MEETING

The AGM will be held on Friday, 15 May 2020. 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 Tuesday, 12 May 2020 to Friday, 15 May 2020 (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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by 4:30 p.m. on Monday, 11 May 2020.

For the purpose of ascertaining shareholders' entitlement to the final dividend, the register of members of the Company will be closed from Thursday, 21 May 2020 to Friday, 22 May 2020 (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 Wednesday, 20 May 2020.

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 and Corporate Governance Report 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

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 consolidated financial statements of the Company for the Year.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2019 have been agreed by the Group's auditor, Grant Thornton Hong Kong Limited (the "Auditor"), to the amounts set out in the Group's draft 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 the preliminary announcement.

ANNUAL REPORT

The annual report of the Company for the year ended 31 December 2019 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 2020

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

Executive Directors:
Mr. Zhuang Yuekai *(Chairman)*
Ms. Zhao Chengmin
Mr. Lin Weiguo *(Chief Executive officer)*

Non-executive Directors:
Ms. Wu Xiaomin
Mr. Huang Wenzhou
Ms. Ye Yanliu

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*