

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



AGILE GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3383)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

HIGHLIGHTS

| Financial Highlights | For the year ended 31 December | | |
|---|--------------------------------|-------------|---------------|
| | <u>2019</u> | <u>2018</u> | <u>Change</u> |
| Revenue (<i>RMB million</i>) | 60,239 | 56,145 | +7.3% |
| Gross profit (<i>RMB million</i>) | 18,358 | 24,674 | -25.6% |
| Net profit (<i>RMB million</i>) | 9,233 | 8,358 | +10.5% |
| Profit attributable to shareholders of the Company (<i>RMB million</i>) | 7,512 | 7,125 | +5.4% |
| Basic earnings per share (<i>RMB</i>) | 1.935 | 1.835 | +5.4% |
| Distributed interim dividend per share (<i>HK cents</i>) | 60.0 | 50.0 | +20.0% |
| Proposed final dividend per share (<i>HK cents</i>) | 40.0 | 50.0 | -20.0% |
| Full year dividend per share (<i>HK cents</i>) | 100.0 | 100.0 | — |

Operational Highlights

- During the year, the aggregated pre-sale value of the Group, together with the joint ventures and associates of the Group as well as property projects carrying “Agile” brand name managed by the Group is RMB117.97 billion, representing an increase of 14.9% when compared with last year. The corresponding GFA is 8.911 million sq.m, representing an increase of 11.7% when compared with last year. The average selling price is RMB13,240 per sq.m.. The pre-sale value has another breakthrough RMB100.00 billion mark.
- During the year, the Group’s revenue was RMB60,239 million, representing an increase of 7.3% when compared with last year. The recognised sales of property development business was RMB54,177 million, representing an increase of 3.2% when compared with last year. The revenue from property development business and diversified businesses accounted for 89.9% and 10.1% respectively. The proportion of diversified businesses’ revenue increased by 3.6 percentage points when compared with last year, reflecting the Group’s business model of “focusing on property development, supported by a diversified range of businesses” has achieved satisfactory results.
- During the year, the overall gross profit margin and net profit margin of the Group were 30.5% and 15.3% respectively, representing a decrease of 13.4 percentage points and an increase of 0.4 percentage points respectively when compared with last year.
- During the year, the revenue from property management services, hotel operations and environmental protection services increased by 67.7%, 11.1% and 146.1% respectively when compared with last year, enabling diversified businesses to continue to provide solid revenue to the Group.
- During the year, the Group was dedicated to expanding its nationwide presence through strategically acquiring 42 new land parcels by means of tender, auction, listing-for-sale, land application and equity acquisition. The total planned GFA of the new land parcels was 10.90 million sq.m.. The total consideration of the new land parcels was RMB47.2 billion, with an average land cost of GFA of approximately RMB4,334 per sq.m.. As at 31 December 2019, the Group has a land bank with a total attributable planned GFA of 39.70 million sq.m. in 75 cities. Among these, 10 cities are the Group’s newly explored markets.
- During the year, the revenue of A-Living was RMB5,127 million, representing an increase of 51.8% when compared with last year. The gross profit margin and net profit margin were 36.7% and 25.2% respectively. Profit attributable to shareholders was RMB1,231 million, representing an increase of 53.7% when compared with last year, demonstrating strong financial performance.
- As at 31 December 2019, the total cash and bank balances of the Group were RMB42,555 million.

CHAIRMAN'S STATEMENT

Dear shareholders,

I am pleased to report the audited consolidated results of Agile Group Holdings Limited (“**Agile**” or the “**Company**”) and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2019 as follows:

Results and Dividends

During the year, the revenue of the Group amounted to RMB60,239 million, representing an increase of 7.3% when compared with last year. Gross profit amounted to RMB18,358 million, representing a decrease of 25.6% when compared with last year. The Group's overall gross profit margin was 30.5%, representing a decrease of 13.4 percentage points when compared with last year. Net profit increased by 10.5% to RMB9,233 million, while the Group's net profit margin also rose by 0.4 percentage points to 15.3% when compared with last year. Profit attributable to shareholders amounted to RMB7,512 million, representing an increase of 5.4% when compared with last year.

During the year, the Group's revenue from recognised sales of property development was RMB54,177 million, representing an increase of 3.2% when compared with last year. Revenues from property development business and diversified businesses accounted for 89.9% and 10.1% respectively. The proportion of the diversified businesses' revenue increased by 3.6 percentage points when compared with last year. The rise reflects the sustained effectiveness of the Group's operating model of “focusing on property development, supported by a diversified range of businesses”.

During the year, diversified businesses including property management services, hotel operations and environmental protection recorded a revenue growth of 67.7%, 11.1% and 146.1% respectively when compared with last year, continuing to provide solid revenue to the Group.

Taking into account the Group's business development needs and shareholders' investment returns, the board of directors of the Company (the “**Board**”) has proposed the declaration of a final dividend of HK40.0 cents per share to its shareholders in 2019. Together with the interim dividend of HK60.0 cents per share paid in the same year, the total dividend of 2019 will be HK100.0 cents per share, which is same as last year.

Market Review

In 2019, the global economy experienced unprecedented challenges. The US-China trade war, Brexit and geopolitical tensions had caused economic instability in the market. However, the Central Government reiterated its real estate policy, namely “houses are for living in, not for speculation”, and the local governments emphasized the implementation of austerity measures based on “city-specific policies”, ensuring the steady and healthy development of China's real estate market. The Group also continued to implement the operating model of “focusing on property development, supported by a diversified range of businesses” and actively facilitated the development of the “Three-year Plan”.

Pre-sale Again Exceeding RMB100 Billion

During the year, the aggregated pre-sale value of the Group, together with the joint ventures and associates of the Group as well as property projects carrying “Agile” brand name managed by the Group amounted to RMB117.97 billion, representing an increase of 14.9% when compared with last year. The accumulated GFA pre-sold was 8.911 million sq.m., representing an increase of 11.7% when compared with last year, while the average selling price was RMB13,240 per sq.m.. During the year, the completion rate of pre-sale target reached 104%, with the pre-sale again exceeding RMB100.00 billion.

The Group continued to adopt regional and diversified marketing strategies, and at the same time strived to expand industry-city integration projects. During the year, the Group launched featured town projects in Tianjin, Weihai, Xiangyang, Zhengzhou and other cities, which created long-term and stable revenue for the Group. During the year, the Group achieved satisfactory pre-sale results in Southern China, Eastern China, Hainan and Yunnan and Northern China regions. The value of saleable resources exceeded RMB200.00 billion for the full year, with 178 projects for sale including 55 newly launched projects.

Diversifying Land Acquisition Channels

During the year, the Group diversified its land acquisition channels. The Group strategically obtained 42 new high-quality projects through tender, auction, listing-for-sale, land application and equity acquisitions, further consolidating its foothold on property development business. The total planned GFA of the new land parcels was 10.90 million sq.m.. The total consideration of the new land parcels was RMB47.20 billion, with an average land cost of RMB4,334 per sq.m.. As at 31 December 2019, the Group had a land bank with total attributable planned GFA of 39.70 million sq.m. in a total of 75 cities. Among which, Beihai, Kunming, Kunshan, Liyang, Qingyuan, Shijiazhuang, Weinan, Xiangyang, Yixing and Phnom Penh of Cambodia were newly explored markets.

In addition, the Group held 8.34 million sq.m. of land bank, which accounted for 21% of its total land bank, in the Guangdong-Hong Kong-Macao Greater Bay Area (the “**Bay Area**”). Following the Central Government’s announcement of implementation opinions and action plans related to the development of the Bay Area, the Group remains ideally positioned to benefit from the enormous potential for future development.

Continued Increase in Revenue from Diversified Businesses

In respect of diversified businesses, the Group invested approximately RMB10.0 billion on the development of 34 new non-real estate projects during the year. The Group’s property management, commercial and environmental protection arms continued to capitalise on synergies. During the year, diversified businesses including property management services, hotel operations and environmental protection recorded a revenue growth of 67.7%, 11.1% and 146.1% respectively when compared with last year, continuing to provide solid revenue to the Group.

In respect of property management, A-Living Services Co., Ltd. (“**A-Living**”) maintained a rapid growth in business during the year. The revenue of A-Living was RMB5,127 million, representing an increase of 51.8% when compared with last year. Gross profit and net profit were RMB1,883 million and RMB1,292 million respectively, representing an increase of 46.0% and 59.3% respectively when compared with last year. Gross profit margin and net profit margin were 36.7% and 25.2% respectively, representing a decrease of 1.5 percentage points and an increase of 1.2 percentage points respectively when compared with last year. Profit attributable to shareholders was RMB1,231 million, representing a year-on-year increase of 53.7% and basic earnings per share amounted to RMB0.92, reflecting strong financial performance.

A-Living continued to implement the dual-branded development strategy based on “Agile Property Management” and “Greenland Property Services”, and accelerated the business growth through expansion to projects from third-party developers and mergers and acquisitions. During the year, A-Living announced the acquisition of 60% equity interest in CMIG Futurelife Property Management Limited (“**CMIG PM**”) and Minrui Property Management (Shanghai) Co., Ltd. (“**New CMIG PM**”), marking the largest mergers and acquisitions in the industry. Upon completion of the acquisition, the GFA under management of A-Living will exceed 500 million sq.m.. Its profitability and brand strength will greatly improve while its market share in economically vibrant regions such as Shanghai, Chongqing, Jiangsu and Shandong will rapidly increase. By this acquisition, A-Living will also be able to strengthen its presence in the segments of public buildings, commercial and office buildings and enter into other niche markets with high entry barriers to manage numerous city landmark projects, which will greatly enhance the Group’s ability to establish itself as a nationwide property management platform with a diversified business portfolio and multiple prominent brands. During the year, A-Living also carried out systematic post-integration works for its acquired enterprises. In accordance with the needs of such enterprises, A-Living empowered them in the aspects of information system, management efficiency and expansion capability through sharing resources. An in-depth integration in terms of management, business and corporate culture were realised, which effectively improved the management efficiency and facilitated the growth in scale and profitability of the acquired companies.

As at 31 December 2019, the GFA under management and contracted GFA of A-Living were 234.0 million sq.m. and 356.2 million sq.m. respectively, of which the contracted GFA from Agile and Greenland Holdings amounted to 77.1 million sq.m. and 40.1 million sq.m. respectively, representing an increase of 9.5% and 81.9% respectively when compared with that of 31 December 2018. The contracted GFA from two shareholders accounted for 32.9% of the total contracted GFA. The contracted GFA from third-party developers (including contribution from mergers and acquisitions) amounted to 239.1 million sq.m., representing an increase of 74.0% when compared with that of 31 December 2018 and accounting for 67.1% of the total contracted GFA.

In respect of environmental protection business, the Group continued to consolidate the nationwide presence of its environmental protection projects while facilitating the development of its hazardous industrial waste treatment, landfill, water treatment and domestic waste-to-energy projects. As at 31 December 2019, the environmental protection business had a total of 45 projects, including 32 hazardous waste treatment projects, 6 domestic waste-to-energy projects, 4 integrated industrial park projects and 3 water treatment projects. During the year, revenue and operating profit generated from the environmental protection business amounted to RMB1,510 million and RMB335 million respectively, representing an increase of 146.1% and 69.6% respectively when compared with last year. The environmental protection business generated ever-increasing income for the Group. As at 31 December 2019, the maximum hazardous waste processing capacity of the environmental protection business exceeded 3.30 million tonnes per year. The total capacity of its landfill was over 18 million cubic metres. The daily maximum water treatment capacity exceeded 2.20 million tonnes. The daily maximum domestic waste-to-energy treatment capacity reached 4,850 tonnes. Of these, the hazardous waste treatment business recorded outstanding performance, securing a leading position in the industry.

During the year, the construction business established habitat technology and Engineering Procurement Construction segments. The business also renamed itself Agile City Group and unveiled its new logo on 27 December 2019. Agile City Group actively explored third-party markets while driving the steady development of its principal business. With a geographical presence spanning 80 cities in 28 provinces and municipalities, the Group has undertaken over 300 projects, providing construction-related services to over 50 real-estate corporate customers.

During the year, the real estate construction management business continued to deliver steady growth. Its projects covered 8 provinces including Anhui, Chongqing, Guangdong, Jiangsu, Jiangxi, Shanxi, Hunan and Zhejiang, with the accumulated value of saleable resources exceeding RMB60.0 billion. The expansion and development of projects was in smooth progress, with numbers of projects launched for sale successively. Projects located in Jieyang, Guangdong Province and Qingtian, Zhejiang Province continued to launch new products. The sales of new projects located in Zhongshan, Guangdong Province and Huaian, Jiangsu Province was also in line with the Group's expectation.

During the year, revenue of the Group's commercial business (including hotel operations and rental income from investment properties) amounted to RMB974 million, representing an increase of 7.0% when compared with last year and providing steady revenue to the Group. Rental income from the community commercial projects also increased, while the occupancy rate of Guangzhou Agile Center and Agile International Plaza Shanghai was nearly 100%.

Optimisation of Debt Structure

Sound financial position has been a vital pillar supporting the Group's business development. Therefore, the Group made efforts to accelerate its sales turnover, strengthen capital and budget management as well as optimising cost and expense control during the year. The Group also optimised its debt structure through a number of onshore and offshore financing channels. These included the issue of USD500 million 6.7% senior notes due 2022 and USD1,400 million senior perpetual capital securities. In addition, the Group was granted a 24-month term loan facility of MOP1,854 million and a term loan facility comprising two tranches of HKD1,170 million and USD100 million (with a greenshoe option of USD500 million or its HKD equivalent) with a term of 36 months. As at 31 December 2019, the Group's total cash and bank deposits amounted to RMB42,555 million.

Maintaining Good Corporate Governance and Performing Corporate Social Responsibilities

The Group upholds the concept of “mutual communication for a win-win situation”. Subject to the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Hong Kong Stock Exchange**”) (the “**Listing Rules**”) and relevant laws, the Group maintains effective mutual communications and builds good relationships with commercial and investment banks, rating agencies, investors and analysts, thereby improving its corporate transparency on an on-going basis.

The Group makes active efforts to fulfil its corporate social responsibilities. Adhering to the brand philosophy of “Lifestyle of a Lifetime”, the Group is determined to build ties and foster empathy with the communities. In delivering these promises, great importance is placed on supplier management, with a view to ensuring the provision of the high-quality product and service quality. The Group is also playing its part in environment protection and cares about the well-being of staff. Specific good corporate citizenship efforts also include promoting sustainable development in communities through supporting and participating in charity and community activities across areas such as environmental protection, medical care, education, culture and sports.

Prospects and Strategy

Entering 2020, the rapid outbreak of the novel coronavirus (“**COVID-19**”) in different cities has led to a major challenge for the global economy. Under the effective control measures of the Chinese government, the epidemic has been gradually controlled. The Group has comprehensively evaluated its impact on sales activities and construction works in various cities, with an aim to fully support the prevention and control for the novel coronavirus and to effectively cut off the transmission of the virus. Under the premise of protecting the health and safety of customers and employees, the Group has gradually resumed its operation since February 2020 in accordance with the local governments’ policies. Meanwhile, the Group has also established an online sales centre named Yajubao to provide professional online consultation to prospective buyers, with an aim to minimise the impact of the epidemic on the Group’s sales activities.

The pandemic has caused a short-term impact on all sectors and the sales of the real estate industry has also been affected by the short-term psychological impact of the public on the epidemic. Therefore, we foresee the sales performance of the real estate industry will decline significantly in the first quarter of 2020 when compared with the corresponding period of last year. However, a number of local governments in China have introduced relaxation policies to support the local real estate market in an effort to stabilise the future development of China’s real estate market. The Group will closely monitor the development of novel coronavirus and assess the impact of the epidemic on the Group’s finance and operation. The Group will adjust the marketing plans and development strategies in a timely manner, with an aim to ensure the effective implementation of the business model of “focusing on property development, supported by a diversified range of businesses”.

The Group remains confident about the future development of its business segments, and firmly believes that we will succeed in combating the epidemic with our concerted efforts. In the meantime, the Group will continue to deliver steady growth by enhancing internal management capabilities, optimising operational management model, improving training system, reinforcing brand image and continuously upgrading product and service quality. While further enhancing market position, the Group will also strive to develop Agile into a century-long enterprise.

Acknowledgement

On behalf of the Board, I would like to extend our heartfelt gratitude to our shareholders, customers, staff and other stakeholders for their unwavering support and dedication in contributing and sustaining steady growth of the Group.

CHEN Zhuo Lin

Chairman and President

Hong Kong, 23 March 2020

CONSOLIDATED INCOME STATEMENT

| | Note | Year ended 31 December | |
|--|------|------------------------|-------------------|
| | | 2019 (RMB'000) | 2018 (RMB'000) |
| Operation | | | |
| Revenue | 2 | 60,239,097 | 56,144,926 |
| Cost of sales | | (41,881,111) | (31,471,009) |
| Gross profit | | 18,357,986 | 24,673,917 |
| Selling and marketing costs | | (2,026,178) | (2,318,044) |
| Administrative expenses | | (3,998,883) | (2,909,554) |
| Net impairment losses on financial and contract assets | | (149,574) | (97,250) |
| Other gains, net | 3 | 4,802,164 | 1,986,253 |
| Other income | 4 | 1,282,537 | 1,040,034 |
| Other expenses | | (228,300) | (257,002) |
| Operating profit | | 18,039,752 | 22,118,354 |
| Finance costs, net | 5 | (2,529,824) | (2,744,353) |
| Share of post-tax profits of investments accounted for using the equity method | | 1,086,246 | 27,098 |
| Profit before income tax | | 16,596,174 | 19,401,099 |
| Income tax expenses | 6 | (7,362,928) | (11,043,282) |
| Profit for the year | | 9,233,246 | 8,357,817 |
| Profit attributable to: | | | |
| Shareholders of the Company | | 7,511,794 | 7,125,007 |
| Holders of Perpetual Capital Securities | | 850,225 | 676,906 |
| Non-controlling interests | | 871,227 | 555,904 |
| | | 9,233,246 | 8,357,817 |
| Earnings per share from continuing operations attributable to the shareholders of the Company for the year (expressed in Renminbi per share) | | | |
| - Basic | 7 | 1.935 | 1.835 |
| - Diluted | 7 | 1.935 | 1.835 |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Year ended 31 December | |
|---|---------------------------------|---------------------------------|
| | 2019 <i>(RMB'000)</i> | 2018 <i>(RMB'000)</i> |
| Profit for the year | 9,233,246 | 8,357,817 |
| Other comprehensive income | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | |
| - Changes in the fair value of equity investments at fair value through other comprehensive income, net of tax | 21,857 | - |
| - Revaluation gains arising from property, plant and equipment transferred to investment properties, net of tax | - | 261,111 |
| <i>Items that may be reclassified to profit or loss</i> | | |
| - Currency translation differences | 1,147 | (1,303) |
| Other comprehensive income for the year, net of tax | 23,004 | 259,808 |
| Total comprehensive income for the year | 9,256,250 | 8,617,625 |
| Attributable to: | | |
| - Shareholders of the Company | 7,532,534 | 7,379,636 |
| - Holders of the Perpetual Capital Securities | 850,225 | 676,906 |
| - Non-controlling interests | 873,491 | 561,083 |
| | 9,256,250 | 8,617,625 |

CONSOLIDATED BALANCE SHEET

| | | As at 31 December 2019 (RMB'000) | As at 31 December 2018 (RMB'000) |
|---|----|---|---|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 11,701,956 | 8,753,527 |
| Investment properties | 9 | 8,495,950 | 8,804,220 |
| Land use rights | | - | 2,039,236 |
| Right-of-use assets | | 3,077,209 | - |
| Goodwill | | 3,897,055 | 1,841,613 |
| Other intangible assets | | 1,578,192 | 258,990 |
| Investments accounted for using the equity method | | 14,711,189 | 10,088,353 |
| Prepayments for acquisition of equity interests | | 468,000 | 870,856 |
| Properties under development | | 31,742,993 | 16,936,396 |
| Trade and other receivables | 10 | 5,182,026 | 12,510,503 |
| Financial assets at fair value through other comprehensive income | | 262,036 | - |
| Deferred income tax assets | | 1,350,770 | 1,433,982 |
| | | 82,467,376 | 63,537,676 |
| Current assets | | | |
| Properties under development | | 79,622,115 | 73,584,977 |
| Completed properties held for sale | | 13,447,730 | 8,446,700 |
| Inventories | | 343,029 | 46,467 |
| Prepayments for acquisition of land use rights | | 10,669,360 | 5,187,072 |
| Contract assets | | 1,379,556 | 448,715 |
| Trade and other receivables | 10 | 35,360,168 | 27,735,425 |
| Prepaid income taxes | | 6,077,471 | 3,165,117 |
| Financial assets at fair value through profit or loss | | 1,008,031 | 3,232,031 |
| Assets held for sale | | 302,108 | - |
| Restricted cash | | 9,003,578 | 9,285,376 |
| Cash and cash equivalents | | 33,551,303 | 35,776,231 |
| | | 190,764,449 | 166,908,111 |
| Total assets | | 273,231,825 | 230,445,787 |

CONSOLIDATED BALANCE SHEET (Continued)

| | | As at 31 December 2019 | As at 31 December 2018 |
|---|-------------|------------------------------|------------------------------|
| | <i>Note</i> | <u>(RMB'000)</u> | <u>(RMB'000)</u> |
| EQUITY | | | |
| Capital and reserves attributable to the shareholders of the Company | | | |
| Share capital and premium | | 3,421,883 | 3,421,883 |
| Shares held for Share Award Scheme | | (156,588) | (156,588) |
| Other reserves | | 2,931,267 | 2,604,982 |
| Retained earnings | | <u>38,277,061</u> | <u>35,368,931</u> |
| | | 44,473,623 | 41,239,208 |
| Perpetual Capital Securities | | 13,566,867 | 8,334,875 |
| Non-controlling interests | | <u>7,295,986</u> | <u>5,406,850</u> |
| Total equity | | <u><u>65,336,476</u></u> | <u><u>54,980,933</u></u> |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Borrowings | | 54,372,620 | 53,196,485 |
| Trade and other payables | 11 | 2,201,976 | - |
| Financial liabilities at fair value through profit or loss | | 83,092 | 6,144 |
| Lease liabilities | | 390,326 | - |
| Deferred income tax liabilities | | <u>3,179,780</u> | <u>1,884,085</u> |
| | | <u>60,227,794</u> | <u>55,086,714</u> |
| Current liabilities | | | |
| Borrowings | | 42,297,082 | 35,332,872 |
| Trade and other payables | 11 | 53,917,720 | 42,533,971 |
| Financial liabilities at fair value through profit or loss | | 53,684 | 7,192 |
| Contract liabilities | | 33,653,950 | 25,489,558 |
| Lease liabilities | | 182,411 | - |
| Current income tax liabilities | | <u>17,562,708</u> | <u>17,014,547</u> |
| | | <u>147,667,555</u> | <u>120,378,140</u> |
| Total liabilities | | <u><u>207,895,349</u></u> | <u><u>175,464,854</u></u> |
| Total equity and liabilities | | <u><u>273,231,825</u></u> | <u><u>230,445,787</u></u> |

Notes:

1. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (the “**HKFRS**”) and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, financial assets at fair value through profit or loss, financial liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income which are carried at fair value.

The preparation of financial statements in conformity with the HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

(a) *New and amended standards adopted by the Group*

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2019:

- HKFRS 16 Leases
- Prepayment Features with Negative Compensation - Amendments to HKFRS 9
- Long-term Interests in Associates and Joint Ventures - Amendments to HKAS 28
- Annual Improvements to HKFRS Standards 2015-2017 cycle
- Plan Amendment, Curtailment or Settlement - Amendments to HKAS 19
- Interpretation 23 Uncertainty over Income Tax Treatments

The Group had to change its accounting policies and make certain modified retrospective adjustments as a result of adopting the HKFRS 16 Leases. The impacts of the adoption of the leasing standard are disclosed in note 1(c) below. Most of the other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) *The following new standards and amendments to standards have been issued but are not effective for the financial period beginning 1 January 2019 and have not been early adopted:*

| | | Effective for annual periods beginning on or after |
|---|---|---|
| HKFRS 3 (Amendment) | Definition of a Business | 1 January 2020 |
| HKAS 1 and HKAS 8 (Amendment) | Definition of material | 1 January 2020 |
| HKAS 39, HKFRS 7 and HKFRS 9 (Amendment) | Hedge accounting | 1 January 2020 |
| HKFRS 17 | Insurance contract | 1 January 2021 |
| HKFRS 10 and HKAS 28 (Amendment) | Sale or contribution of assets between an investor and its associate or joint venture | To be determined |

The Group has already commenced an assessment of the impact of these new or revised standards, interpretation and amendments, certain of which are relevant to the Group’s operations.

1. Basis of preparation (continued)

(c) Changes in accounting policies

This note explains the impact of the adoption of HKFRS 16 Leases on the Group's financial statements and discloses the new accounting policies that have been applied from 1 January 2019 in note 1(c)(i) below.

The Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

(i) Adjustments recognised on adoption of HKFRS 16

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 7.06%.

| | 1 January 2019 <i>(RMB '000)</i> |
|--|--|
| Operating lease commitments disclosed as at 31 December 2018 | 295,570 |
| Discounted using the lessee's incremental borrowing rate of at the date of initial application | 244,235 |
| (Less): short-term leases and low-value leases recognised on a straight-line basis as expense | (3,147) |
| (Less): contracts reassessed as service agreements | (46,714) |
| Lease liabilities recognised as at 1 January 2019 | 194,374 |
| Of which are: | |
| Current lease liabilities | 73,076 |
| Non-current lease liabilities | 121,298 |
| | 194,374 |

Under the modified retrospective approach, the associated right-of-use assets for property leases were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application. Recognised right-of-use assets relate to the following types of assets:

| | 31 December 2019 <i>(RMB '000)</i> | 1 January 2019 <i>(RMB '000)</i> |
|---|---------------------------------------|-------------------------------------|
| Land use rights | 2,392,388 | 2,039,236 |
| Property, plant and equipment | 665,945 | 174,046 |
| Land use right for ancillary facilities | 18,876 | 20,328 |
| Total right-of-use assets | 3,077,209 | 2,233,610 |

1. Basis of preparation (continued)

(c) Changes in accounting policies (continued)

(i) Adjustments recognised on adoption of HKFRS 16 (continued)

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- Right-of-use assets - increase by RMB2,233,610,000
- Lease liabilities - increase by RMB194,374,000
- Land use rights - decrease by RMB2,039,236,000

There is no impact on the retained earnings on 1 January 2019.

There is no material impact on earnings per share for the year ended 31 December 2019 as a result of the adoption of HKFRS 16.

Impact on segment disclosures

Segments assets and segment liabilities as at 31 December 2019 all increased as a result of the change in accounting policy. Lease liabilities are now included in segment liabilities. The change in policy will increase segment assets and liabilities as at 31 December 2019 as following:

| | Segment assets <i>(RMB'000)</i> | Segment liabilities <i>(RMB'000)</i> |
|--------------------------|---|--|
| Property development | 169,852 | 186,294 |
| Property management | 14,756 | 15,200 |
| Hotel operations | 28,386 | 29,564 |
| Environmental protection | 3,673 | 3,973 |
| | <u>216,667</u> | <u>235,031</u> |

Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- Reliance on previous assessments on whether leases are onerous
- The accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HK(IFRIC)-INT 4 Determining whether an Arrangement contains a Lease.

2. Segment information

The executive directors of the Company, which are the chief operating decision-makers of the Group, review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on reports reviewed by the executive directors of the Company that are used to make strategy decision.

The Group is organised into five business segments: property development, property management, hotel operations, property investment and environmental protection. The associates and joint ventures of the Group are principally engaged in property development, property management and environmental protection and are included in the property development, property management and environmental protection segment respectively. As the executive directors of the Company consider most of the Group's consolidated revenue and results are attributable from the market in the PRC. Most of the non-current assets are located in the PRC, and less than 10% of the Group's consolidated assets are located outside the PRC, geographical segment information is not considered necessary.

The executive directors of the Company assess the performance of the operating segments based on a measure of segment results, being profit before income tax before deducting finance costs.

The Group has a large number of customers, none of whom contributed 5% or more of the Group's revenue.

Analysis of revenue from external customers by the category for the years ended 31 December 2019 and 2018 is as follows:

| | 2019 <i>(RMB'000)</i> | 2018 <i>(RMB'000)</i> |
|--|---------------------------------|--------------------------|
| Revenue: | | |
| - Sales of developed properties | 54,177,160 | 52,487,664 |
| - Property management services | 3,577,311 | 2,132,813 |
| - Hotel operations | 801,742 | 721,667 |
| - Rental income from investment properties | 172,630 | 189,045 |
| - Environmental protection services | 1,510,254 | 613,737 |
| | 60,239,097 | 56,144,926 |

2. Segment information (continued)

Segment information provided to the executive directors of the Company for the reporting segments for the years ended 31 December 2019 and 2018 are as follows:

Year ended 31 December 2019

| | <u>Property development</u> <i>(RMB'000)</i> | <u>Property management</u> <i>(RMB'000)</i> | <u>Hotel operations</u> <i>(RMB'000)</i> | <u>Property investment</u> <i>(RMB'000)</i> | <u>Environmental protection</u> <i>(RMB'000)</i> | <u>Elimination</u> <i>(RMB'000)</i> | <u>Group</u> <i>(RMB'000)</i> |
|--|---|--|---|--|---|--|----------------------------------|
| Gross segment sales | 54,177,160 | 5,127,293 | 801,742 | 172,630 | 1,510,254 | - | 61,789,079 |
| Inter-segment sales | - | (1,549,982) | - | - | - | - | (1,549,982) |
| Sales to external customers | 54,177,160 | 3,577,311 | 801,742 | 172,630 | 1,510,254 | - | 60,239,097 |
| Timing of revenue recognition | | | | | | | |
| - At a point in time | 50,808,866 | 11,179 | - | - | 33,406 | - | 50,853,451 |
| - Over time | 3,368,294 | 3,566,132 | 801,742 | 172,630 | 1,476,848 | - | 9,385,646 |
| Fair value gains on investment properties (note 9) | - | - | - | 117,070 | - | - | 117,070 |
| Operating profit/(loss) | 16,491,288 | 1,385,038 | (351,411) | 180,054 | 334,783 | - | 18,039,752 |
| Share of post-tax profit of investments accounted for using the equity method | 1,053,637 | 22,635 | - | - | 9,974 | - | 1,086,246 |
| Segment result | 17,544,925 | 1,407,673 | (351,411) | 180,054 | 344,757 | - | 19,125,998 |
| Finance costs, net (note 5) | | | | | | | (2,529,824) |
| Profit before income tax | | | | | | | 16,596,174 |
| Income tax expenses (note 6) | | | | | | | (7,362,928) |
| Profit for the year | | | | | | | 9,233,246 |
| Depreciation | 336,392 | 37,899 | 306,130 | - | 90,340 | - | 770,761 |
| Amortisation of intangible assets | 12,294 | 48,433 | 880 | - | 33,998 | - | 95,605 |
| Write-down of properties under development, completed properties held for sale and property, plant and equipment | 325,505 | - | 154,376 | - | - | - | 479,881 |

2. Segment information (continued)

Year ended 31 December 2018

| | <u>Property development</u> (RMB'000) | <u>Property management</u> (RMB'000) | <u>Hotel operations</u> (RMB'000) | <u>Property investment</u> (RMB'000) | <u>Environmental protection</u> (RMB'000) | <u>Elimination</u> (RMB'000) | <u>Group</u> (RMB'000) |
|--|--|---|--|---|--|---------------------------------|---------------------------|
| Gross segment sales | 52,487,664 | 3,376,749 | 721,667 | 189,045 | 613,737 | - | 57,388,862 |
| Inter-segment sales | - | (1,243,936) | - | - | - | - | (1,243,936) |
| Sales to external customers | 52,487,664 | 2,132,813 | 721,667 | 189,045 | 613,737 | - | 56,144,926 |
| Timing of revenue recognition | | | | | | | |
| - At a point in time | 51,668,575 | 4,195 | - | - | - | - | 51,672,770 |
| - Over time | 819,089 | 2,128,618 | 721,667 | 189,045 | 613,737 | - | 4,472,156 |
| Fair value gains on investment properties (note 9) | - | - | - | 1,952,355 | - | - | 1,952,355 |
| Operating profit/(loss) | 18,952,097 | 1,076,280 | (127,848) | 2,020,407 | 197,418 | - | 22,118,354 |
| Share of post-tax (loss)/profit of investments accounted for using the equity method | (5,832) | (68) | - | - | 32,998 | - | 27,098 |
| Segment result | 18,946,265 | 1,076,212 | (127,848) | 2,020,407 | 230,416 | - | 22,145,452 |
| Finance costs, net (note 5) | | | | | | | (2,744,353) |
| Profit before income tax | | | | | | | 19,401,099 |
| Income tax expenses (note 6) | | | | | | | (11,043,282) |
| Profit for the year | | | | | | | 8,357,817 |
| Depreciation | 192,439 | 10,121 | 280,794 | - | 31,161 | - | 514,515 |
| Amortisation of land use rights and intangible assets | 16,805 | 23,302 | 48,670 | - | 5,177 | - | 93,954 |
| Write-down of properties under development and completed properties held for sale | 1,489,770 | - | - | - | - | - | 1,489,770 |

2. Segment information (continued)

Segment assets and liabilities and capital expenditure as at 31 December 2019 are as follow:

| | Property development <i>(RMB'000)</i> | Property management <i>(RMB'000)</i> | Hotel operations <i>(RMB'000)</i> | Property investment <i>(RMB'000)</i> | Environmental protection <i>(RMB'000)</i> | Elimination <i>(RMB'000)</i> | Group <i>(RMB'000)</i> |
|---|---|--|---|--|---|--|----------------------------------|
| Segment assets | 224,299,039 | 8,618,143 | 11,475,325 | 8,495,950 | 17,433,296 | (5,788,236) | 264,533,517 |
| Unallocated assets | | | | | | | 8,698,308 |
| Total assets | | | | | | | 273,231,825 |
| Segment assets include: Investments accounted for using the equity method | 13,907,604 | 583,634 | - | - | 219,951 | - | 14,711,189 |
| Segment liabilities | 75,791,172 | 2,479,562 | 4,060,271 | 16,612 | 13,787,002 | (5,788,236) | 90,346,383 |
| Unallocated liabilities | | | | | | | 117,548,966 |
| Total liabilities | | | | | | | 207,895,349 |
| Capital expenditure | 1,007,291 | 718,523 | 368,150 | 52,430 | 4,218,372 | - | 6,364,766 |

Segment assets and liabilities and capital expenditure as at 31 December 2018 are as follow:

| | Property development <i>(RMB'000)</i> | Property management <i>(RMB'000)</i> | Hotel operations <i>(RMB'000)</i> | Property investment <i>(RMB'000)</i> | Environmental protection <i>(RMB'000)</i> | Elimination <i>(RMB'000)</i> | Group <i>(RMB'000)</i> |
|---|---|--|---|--|---|--|----------------------------------|
| Segment assets | 192,769,689 | 7,280,920 | 8,432,727 | 8,804,220 | 6,955,524 | (1,628,423) | 222,614,657 |
| Unallocated assets | | | | | | | 7,831,130 |
| Total assets | | | | | | | 230,445,787 |
| Segment assets include: Investments accounted for using the equity method | 9,710,362 | 422 | - | - | 377,569 | - | 10,088,353 |
| Segment liabilities | 59,113,638 | 1,558,055 | 3,449,498 | 18,839 | 5,511,922 | (1,628,423) | 68,023,529 |
| Unallocated liabilities | | | | | | | 107,441,325 |
| Total liabilities | | | | | | | 175,464,854 |
| Capital expenditure | 356,805 | 100,326 | 108,331 | - | 1,339,968 | - | 1,905,430 |

2. Segment information (continued)

Segment assets and liabilities are reconciled to total assets and liabilities as at 31 December 2019 as follows:

| | <u>Assets</u> (RMB'000) | <u>Liabilities</u> (RMB'000) |
|---|----------------------------|---------------------------------|
| Segment assets/liabilities | 264,533,517 | 90,346,383 |
| Unallocated: | | |
| Deferred income taxes | 1,350,770 | 3,179,780 |
| Prepaid income taxes | 6,077,471 | - |
| Financial assets at fair value through profit or loss | 1,008,031 | - |
| Financial assets at fair value through other comprehensive income | 262,036 | - |
| Financial liabilities at fair value through profit or loss | - | 136,776 |
| Current income tax liabilities | - | 17,562,708 |
| Current borrowings | - | 42,297,082 |
| Non-current borrowings | - | 54,372,620 |
| Total | <u>273,231,825</u> | <u>207,895,349</u> |

Segment assets and liabilities are reconciled to total assets and liabilities as at 31 December 2018 as follows:

| | <u>Assets</u> (RMB'000) | <u>Liabilities</u> (RMB'000) |
|---|----------------------------|---------------------------------|
| Segment assets/liabilities | 222,614,657 | 68,023,529 |
| Unallocated: | | |
| Deferred income taxes | 1,433,982 | 1,884,085 |
| Prepaid income taxes | 3,165,117 | - |
| Financial assets at fair value through profit or loss | 3,232,031 | - |
| Derivative financial instruments | - | 13,336 |
| Current income tax liabilities | - | 17,014,547 |
| Current borrowings | - | 35,332,872 |
| Non-current borrowings | - | 53,196,485 |
| Total | <u>230,445,787</u> | <u>175,464,854</u> |

Inter-segment transfers or transactions are entered into at terms and conditions agreed upon by respective parties.

Eliminations comprise inter-segment trade and non-trade balances.

Pricing policy for inter-segment transactions is determined by reference to market price.

Segment assets consist primarily of property, plant and equipment, land use rights, right-of-use assets, intangible assets, properties under development, completed properties held for sale, investment properties, receivables, contract assets and cash balances. Unallocated assets comprise deferred income tax assets, prepaid income taxes, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss. Segment liabilities comprise operating liabilities. Unallocated liabilities comprise taxation, borrowings and financial liabilities at fair value through profit or loss.

Capital expenditure comprises additions to property, plant and equipment, right-of-use assets, investment properties and intangible assets.

3 Other gains, net

| | 2019 (RMB'000) | 2018 (RMB'000) |
|--|-------------------|-------------------|
| Gain from disposal of a subsidiary | 2,988,981 | - |
| Fair value gains/(losses) on financial assets at fair value through profit or loss | 999,715 | (352,434) |
| Remeasurement gain resulting from a joint venture transferred to a subsidiary | 579,449 | - |
| Fair value gains on investment properties | 117,070 | 1,952,355 |
| Exchange gains, net (note (a)) | 85,975 | 327,177 |
| Gains on disposal of property, plant and equipment and investment properties | 6,682 | 23,330 |
| Miscellaneous | 24,292 | 35,825 |
| | <u>4,802,164</u> | <u>1,986,253</u> |

Note:

- (a) Amount mainly represents the gains or losses of translation of financial assets and liabilities, which are denominated in foreign currency into RMB at the prevailing period-end exchange rate. It does not include the exchange gain or loss related to borrowings which are included in the “finance costs, net” (note 5).

4 Other income

| | 2019 (RMB'000) | 2018 (RMB'000) |
|--|-------------------|-------------------|
| Interest income | 654,422 | 328,104 |
| Interest income from related parties | 354,619 | 376,136 |
| Government grants | 137,660 | 39,468 |
| Dividend income from financial assets at fair value through profit or loss | 66,904 | 171,751 |
| Forfeited deposits from customers | 14,206 | 22,374 |
| Miscellaneous | 54,726 | 102,201 |
| | <u>1,282,537</u> | <u>1,040,034</u> |

5 Finance costs, net

| | 2019 (RMB'000) | 2018 (RMB'000) |
|---|-------------------|-------------------|
| Interest expense: | | |
| - Bank borrowings, syndicated loans and other borrowings | 4,965,759 | 3,571,673 |
| - Senior notes | 1,244,227 | 578,539 |
| - PRC Corporate Bonds, Asset-Backed Securities and Commercial Mortgage Backed Securities | 868,948 | 906,165 |
| - Lease liabilities | 37,006 | - |
| Less: interest capitalised | (4,935,466) | (3,657,861) |
| Exchange losses from borrowings | 854,174 | 1,738,800 |
| Less: exchange losses capitalised | (304,612) | (491,031) |
| Changes in fair value of derivative financial instruments | (200,212) | 98,068 |
| | <u>2,529,824</u> | <u>2,744,353</u> |

6 Income tax expenses

| | 2019 (RMB'000) | 2018 (RMB'000) |
|------------------------------|-------------------|-------------------|
| Current income tax | | |
| - PRC corporate income tax | 3,219,748 | 3,802,299 |
| - PRC land appreciation tax | 3,875,741 | 6,838,137 |
| - PRC withholding income tax | 37,652 | 260,579 |
| Deferred income tax | | |
| - PRC corporate income tax | 244,663 | 153,933 |
| - Hong Kong profits tax | (14,876) | (11,666) |
| | <u>7,362,928</u> | <u>11,043,282</u> |

PRC land appreciation tax

PRC land appreciation tax is levied at progressive rate ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including land use rights and expenditures directly related to property development activities.

PRC corporate income tax

The income tax provision of the Group in respect of operations in Mainland China 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.

The corporate income tax rate applicable to the Group entities located in Mainland China is 25% according to the Corporate Income Tax Law of the People's Republic of China (the "CIT Law") effective on 1 January 2008.

PRC withholding income tax

According to the CIT Law, starting from 1 January 2008, a withholding tax of 10% will be levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. A lower of 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong and fulfil requirements under the tax treaty arrangements between the PRC and Hong Kong.

6 Income tax expenses (continued)

PRC withholding income tax (continued)

During the year ended 31 December 2019, certain immediate holding companies of the PRC subsidiaries of the Group became qualified as Hong Kong resident enterprises and fulfil the requirements under the tax treaty arrangements between the PRC and Hong Kong. Therefore 5% withholding tax rate has been applied.

Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 of Cayman Islands and accordingly, is exempted from Cayman Islands income tax. Group entities in the British Virgin Islands were incorporated either under the BVI Business Companies Act or were automatically re-registered under the same act on 1 January 2007 and, accordingly, are exempted from British Virgin Islands income tax.

Hong Kong profits tax

Except for provision for the fair value gains of financial assets at fair value through profit or loss, no other provision for Hong Kong profits tax has been made in the consolidated financial statements. The remaining profit of the group entities in Hong Kong is mainly derived from dividend income and interest income of bank deposits, which are not subject to Hong Kong profits tax.

Preferential tax rate

Certain companies of the Group in the PRC, were qualified as "High and New Technology Enterprises" under the CIT law, and they are entitled to a preferential income tax rate of 15%. Certain subsidiaries of the Group in the PRC provide environmental protection services and these companies are entitled to a preferential income tax rate of a "Three Exemptions and Three 50% Reductions".

7 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year less shares held for Share Award Scheme.

| | 2019 | 2018 |
|--|---------------------|---------------------|
| Profit attributable to shareholders of the Company (<i>RMB '000</i>) | 7,511,794 | 7,125,007 |
| Weighted average number of ordinary shares in issue less shares held for Share Award Scheme (<i>thousands</i>) | <u>3,882,578</u> | <u>3,882,578</u> |
| Basic earnings per share (<i>RMB per share</i>) | <u><u>1.935</u></u> | <u><u>1.835</u></u> |

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the years ended 31 December 2019 and 2018, there was no diluted potential ordinary share, diluted earnings per share equally to basic earnings per share.

8 Dividends

| | 2019 (RMB'000) | 2018 (RMB'000) |
|--|-------------------|-------------------|
| Interim dividend paid of HK\$0.60 (2018: HK\$0.50) per ordinary share (note (a)) | 2,124,946 | 1,705,463 |
| Less: Dividend for shares held for Share Award Scheme | <u>(18,700)</u> | <u>(14,746)</u> |
| | <u>2,106,246</u> | <u>1,690,717</u> |
| Proposed final dividend of HK\$0.40 (2018: HK\$0.50) per ordinary share (note (b)) | 1,434,470 | 1,681,354 |
| Less: Dividend for Shares held for Share Award Scheme | <u>(12,623)</u> | <u>(15,123)</u> |
| | <u>1,421,847</u> | <u>1,666,231</u> |

Notes:

- (a) An interim dividend in respect of the six months ended 30 June 2019 of HK\$0.60 per ordinary share, approximately HK\$2,350,229,000 (equivalent to RMB2,124,946,000) was declared by the Board of Directors of the Company (2018: HK\$1,958,524,000 equivalent to RMB1,705,463,000).
- (b) A final dividend in respect of 2018 of HK\$0.50 per ordinary share approximately HK\$1,958,524,000 (equivalent to RMB1,681,354,000) was declared at the Annual General Meeting of the Company on 10 May 2019, of which HK\$17,235,000 (equivalent to RMB15,123,000) was declared for shares held by Share Award Scheme. The final dividend has been distributed out of the Company's retained earnings.

A final dividend in respect of 2019 of HK\$0.40 per ordinary share have been proposed by the Board of Directors of the Company and are subject to the approval of the shareholders at the Annual General Meeting to be held on 11 May 2020. The final dividend will be distributed out of the Company's retained earnings. These consolidated financial statements have not reflected these dividends payable.

9 Investment properties

| | 2019 (RMB'000) | 2018 (RMB'000) |
|---|-------------------|-------------------|
| Opening net book amount | 8,804,220 | 5,886,604 |
| Capitalised subsequent expenditure | 52,430 | - |
| Disposals | (57,770) | - |
| Transfer from completed properties held for sale | - | 718,580 |
| Transfer from property, plant and equipment | - | 400,528 |
| Transfer from land use rights | - | 23,073 |
| Transfer to property, plant and equipment | (420,000) | (176,920) |
| Revaluation gains recognised in consolidated income statement | <u>117,070</u> | <u>1,952,355</u> |
| Closing net book amount | <u>8,495,950</u> | <u>8,804,220</u> |
| Investment properties: | | |
| - Completed investment properties | 7,205,050 | 7,550,320 |
| - Investment properties under construction | <u>1,290,900</u> | <u>1,253,900</u> |
| Total | <u>8,495,950</u> | <u>8,804,220</u> |

9 Investment properties (continued)

Notes:

- (a) The investment properties are located in the PRC and are held on lease of between 40 to 70 years.
- (b) At 31 December 2019, investment properties of RMB5,388,000,000 (31 December 2018: RMB5,854,120,000) and certain rights of receiving rental income were pledged as collateral for the Group's bank borrowings.

10 Trade and other receivables

| | 2019 (RMB'000) | 2018 (RMB'000) |
|--|--------------------------|--------------------------|
| Trade receivables (note (a)) | | |
| - Associates | 41,829 | - |
| - Joint ventures | 548,298 | - |
| - Third parties | 7,211,910 | 6,709,562 |
| Less: allowance for impairment of trade receivables | (73,440) | (32,069) |
| Total trade receivables | <u>7,728,597</u> | <u>6,677,493</u> |
| Other receivables due from: | | |
| - Associates | 2,765,175 | 5,280,259 |
| - Joint ventures | 11,545,060 | 13,516,462 |
| - Other related parties | 193,728 | 195,484 |
| - Non-controlling interests | 1,633,207 | 1,272,542 |
| - Third parties | 12,173,705 | 10,911,505 |
| Prepaid value added taxes and other taxes | 2,843,320 | 887,133 |
| Deposits for acquisition of land use rights | 844,197 | 1,117,773 |
| Prepayments | 1,033,784 | 479,686 |
| Less: allowance for impairment of other receivables | (218,579) | (92,409) |
| Total other receivables | <u>32,813,597</u> | <u>33,568,435</u> |
| Less: other receivables due from related parties and prepayments for non-current assets - non-current portion | <u>(5,182,026)</u> | <u>(12,510,503)</u> |
| Other receivables-current portion | <u>27,631,571</u> | <u>21,057,932</u> |
| Trade and other receivable-current portion | <u>35,360,168</u> | <u>27,735,425</u> |

As at 31 December 2019, the fair value of trade and other receivables approximated their carrying amounts.

Note:

- (a) Trade receivables mainly arose from sales of properties and provision of property management services. Trade receivables are settled in accordance with the terms stipulated in the property sale and purchase agreements or property management service agreements. As at 31 December 2019 and 2018, the ageing analysis of the trade receivables based on invoice date is as follows:

| | 2019 (RMB'000) | 2018 (RMB'000) |
|----------------------------------|-------------------|-------------------|
| Within 90 days | 4,803,143 | 3,662,447 |
| Over 90 days and within 365 days | 2,283,793 | 2,350,270 |
| Over 365 days | 715,101 | 696,845 |
| | <u>7,802,037</u> | <u>6,709,562</u> |

11 Trade and other payables

| | 2019 (RMB'000) | 2018 (RMB'000) |
|---|-----------------------|-----------------------|
| Trade payables (note (a)) | 21,276,425 | 16,852,035 |
| Other payables due to: | | |
| - Related parties | 8,193,454 | 5,590,518 |
| - Non-controlling interests | 3,200,722 | 3,596,848 |
| - Third parties | 13,935,941 | 8,935,399 |
| Staff welfare benefit payable | 1,073,575 | 797,198 |
| Accruals | 1,433,623 | 1,465,095 |
| Advances from disposal of subsidiaries | 2,681,106 | 987,700 |
| Other taxes payable | 4,324,850 | 4,309,178 |
| Total trade and other payables | <u>56,119,696</u> | <u>42,533,971</u> |
| Less: other payables - non-current portion | <u>(2,201,976)</u> | <u>-</u> |
| Trade and other payable - current portion | <u>53,917,720</u> | <u>42,533,971</u> |

Note:

(a) The ageing analysis of trade payables of the Group as at 31 December 2019 and 2018 is as follows:

| | 2019 (RMB'000) | 2018 (RMB'000) |
|-----------------------------------|-------------------|-------------------|
| Within 90 days | 13,440,152 | 13,387,512 |
| Over 90 days and within 180 days | 6,265,677 | 2,729,635 |
| Over 180 days and within 365 days | 966,394 | 559,318 |
| Over 365 days | 604,202 | 175,570 |
| | <u>21,276,425</u> | <u>16,852,035</u> |

MANAGEMENT DISCUSSION AND ANALYSIS

Overall performance

During the year, the Group's revenue was RMB60,239 million (2018: RMB56,145 million), representing an increase of 7.3% over 2018. The operating profit was RMB18,040 million (2018: RMB22,118 million), representing a decrease of 18.4% over last year. Profit attributable to shareholders was RMB7,512 million (2018: RMB7,125 million), representing an increase of 5.4% over last year. Basic earnings per share was RMB1.935 (2018: RMB1.835).

Land bank

As at 31 December 2019, the Group has a land bank with a total attributable planned GFA of 39.70 million sq.m. in 75 cities, which across Southern China Region, Eastern China Region, Western China Region, Central China Region, Hainan and Yunnan Region, Northeast China Region, Northern China Region, Hong Kong and overseas. The average land cost was RMB3,364 per sq.m., which was competitive.

In 2019, the Group was dedicated to expanding its nationwide presence through strategically acquiring 42 new land parcels by means of tender, auction, listing-for-sale, land application and equity acquisition. Among these, cities of Beihai, Kunming, Kunshan, Liyang, Qingyuan, Shijiazhuang, Weinan, Xiangyang, Yixing and Phnom Penh of Cambodia are the Group's newly explored markets. The total planned GFA of the new land parcels was 10.90 million sq.m.. The total consideration of the new land parcels was RMB47.2 billion, with an average land cost of GFA of approximately RMB4,334 per sq.m..

The following table sets forth the details of the newly acquired land parcels:

| Land Parcel Name | City | Attributable Interest (%) | Total Planned GFA (sq.m.) |
|--------------------------------|-------------|----------------------------------|----------------------------------|
| Southern China Region | | | |
| Site in Ancient Town | Zhongshan | 100 | 80,398 |
| Site in Light Rail Station | Huizhou | 70 | 196,508 |
| Site A in Huicheng District | Huizhou | 49 | 76,855 |
| Site B in Huicheng District | Huizhou | 35 | 222,110 |
| Site in Taicheng District | Jiangmen | 100 | 96,284 |
| Site in Xinhui District | Jiangmen | 51 | 63,525 |
| Site in Qingcheng District | Qingyuan | 40 | 466,760 |
| Site in Dongcheng Avenue | Qingyuan | 50 | 111,995 |
| Site in Lahuo Tiandi Town | Maoming | 100 | 207,255 |
| Site in Golden Bay | Beihai | 60 | 497,813 |
| Eastern China Region | | | |
| Site in Pukou District | Nanjing | 65 | 702,104 |
| Site in Jiangning District | Nanjing | 51 | 155,937 |
| Site in Xixiashu Pure Industry | Changzhou | 100 | 61,249 |
| Site in Gaoxin District | Changshu | 49 | 132,701 |
| Site in Xinzhan District | Hefei | 100 | 136,094 |
| Site in Dianshan Lake Town | Kunshan | 100 | 108,523 |
| Site in Agile Champion Town | Weihai | 64.8 | 1,811,812 |
| Site in Yunlong District | Xuzhou | 50 | 172,115 |

The following table sets forth the details of the newly acquired land parcels: (continued)

| Land Parcel Name | City | Attributable Interest (%) | Total Planned GFA (sq.m.) |
|--|---------------|----------------------------------|----------------------------------|
| Eastern China Region | | | |
| Site in International Waterfront New Town | Yangzhou | 100 | 508,218 |
| Site in High Technology Town | Huzhou | 100 | 89,288 |
| Site in Guanlin Industry | Yixing | 100 | 133,000 |
| Site in Puyang Industry | Puyang | 100 | 51,200 |
| Western China Region | | | |
| Site in Wenjiang District | Chengdu | 100 | 245,068 |
| Site in Beipei District | Chongqing | 100 | 168,089 |
| Site in Jiulongpo District | Chongqing | 100 | 100,070 |
| Site in Urban District | Weinan | 100 | 104,730 |
| Central China Region | | | |
| Site in High-tech District | Wuhan | 49 | 275,514 |
| Site in Technology & Innovation Town | Xiangyang | 100 | 442,912 |
| Site in Zhengshang New District | Zhengzhou | 33 | 116,726 |
| Site in Agile Romantic Town | Zhengzhou | 72 | 656,582 |
| Northern China Region | | | |
| Site in Hexi District | Beijing | 100 | 80,252 |
| Site in Yuci District | Jinzhong | 49 | 452,292 |
| Site in Zhengding New District | Shijiazuan | 100 | 99,394 |
| Site in Haijiao Garden District | Tianjin | 50 | 327,276 |
| Site in Agile Baodi Jinqiao International Town | Tianjin | 96 | 329,323 |
| Northeast China Region | | | |
| Site in Development District | Shenyang | 50 | 52,198 |
| Yunnan Region | | | |
| Site in Xishan District | Kunming | 100 | 260,873 |
| Site in Panlong District | Kunming | 50 | 262,126 |
| Site in Agile International Garden | Ruili | 100 | 522,477 |
| Site in Agile Quenya | Xishuangbanna | 100 | 151,680 |
| Hong Kong | | | |
| Site A in Mount Parker Road Project | Hong Kong | 100 | 2,479 |
| Site B in Mount Parker Road Project | Hong Kong | 90 | 2,159 |
| Overseas | | | |
| Site in Agile Embassy Garden | Kuala Lumpur | 100 | 111,900 |
| Site in Agile Sky Residence | Phnom Penh | 49 | 50,640 |

Property development and sales

During the year, revenue from recognised sales of property development of the Group was RMB54,177 million, representing an increase of 3.2% when compared with RMB52,488 million in 2018. The increase was mainly attributable to higher recognised average selling price. The recognised average selling price increased to RMB11,957 per sq.m. in 2019, representing an increase of 6.7% when compared with RMB11,206 per sq.m. in 2018. The total recognised GFA sold was 4.53 million sq.m., representing a decrease of 3.3% when compared with 2018.

Property management

During the year, revenue from property management of the Group was RMB3,577 million, representing an increase of 67.7% when compared with RMB2,133 million in 2018. Operating profit from property management was RMB1,385 million, representing an increase of 28.7% which compared with RMB1,076 million in 2018. The growth was mainly attributable to an increase in the total GFA under management to 233.99 million sq.m. (2018: 138.12 million sq.m.).

Hotel operations

During the year, revenue from hotel operations of the Group was RMB802 million, representing an increase of 11.1% when compared with RMB722 million in 2018. It was primarily attributable to the revenue generated from Shanghai Marriott Hotel City Centre, Raffles Hainan, Holiday Inn Resort Hainan Clearwater Bay, Sheraton Bailuhu Resort Huizhou Hotel and Howard Johnson Agile Plaza Chengdu.

Property investment

During the year, revenue from property investment of the Group was RMB173 million, representing a decrease of 8.7% when compared with RMB189 million in 2018. The decrease was mainly due to certain properties were transferred to property, plant and equipment including Guangzhou Agile Centre and Shanghai Agile International Plaza.

Environmental protection

During the year, revenue from environmental protection of the Group was RMB1,510 million, representing an increase of 146.1% when compared with RMB614 million in 2018. Operating profit from environmental protection was RMB335 million, representing an increase of 69.6% which compared with RMB197 million in 2018. The growth was mainly attributable to increased number of new hazardous waste treatment projects and faster growth of water treatment capacity during the year.

Cost of sales

Cost of sales of the Group mainly refers to the costs incurred directly from its property development activities, including cost of construction, fitting-out and design, land use rights, capitalised interest and tax surcharge.

During the year, cost of sales of the Group was RMB41,881 million, representing an increase of 33.1% when compared with RMB31,471 million in 2018. The increase was mainly due to the increase of land cost and construction cost. The total recognised GFA sold decrease by 3.3% to 4.53 million sq.m. when compared with last year.

Gross profit

During the year, gross profit of the Group was RMB18,358 million, representing a decrease of 25.6% when compared with RMB24,674 million in 2018. During the year, gross profit margin of the Group was 30.5%, representing a decrease of 13.4 percentage points when compared with 43.9% in 2018. As several cities affected by “City-specific Policies”, the proportional of revenue recognition of high-margin projects has dropped significantly, leading to the decrease of overall gross profit margin of the Group.

Other gains, net

During the year, the other gains, net of the Group was RMB4,802 million representing an increase of 141.8% when compared with RMB1,986 million in 2018, which was mainly due to a gain of RMB2,989 million from the disposal of 34% equity interest in a project company to an independent third party and resulted in loss of control, remeasurement gains resulting from a joint venture transferred to a subsidiary of RMB579 million and fair value gains on financial assets at fair value through profit or loss of RMB1,000 million.

Other income

During the year, other income of the Group was RMB1,283 million, representing an increase of 23.3% when compared with RMB1,040 million in 2018. The increase was mainly attributable to the increase of interest income from bank deposit and government grants.

Selling and marketing costs

During the year, selling and marketing costs of the Group was RMB2,026 million, representing a decrease of 12.6% when compared with RMB2,318 million in 2018, which was mainly attributable to the significant decline in the sales of projects with higher commissions.

Administrative expenses

During the year, administrative expenses of the Group was RMB3,999 million, representing an increase of 37.4% when compared with RMB2,910 million in 2018. The increase was mainly due to the increase of research and development expenses and increase of employees resulting from business expansion of the Group.

Other expenses

During the year, other expenses of the Group was RMB228 million, representing a decrease of 11.2% when compared with RMB257 million in 2018. The decrease was mainly attributable to the decrease of compensation expenses and charitable donation. Meanwhile, charitable donation of the Group was RMB116 million in 2019 (2018: RMB 121 million).

Finance costs, net

The Group's finance costs mainly consist of interest expenses on bank borrowings, syndicated loans, other borrowings, senior notes, PRC corporate bonds, Commercial Mortgage Backed Securities ("CMBS"), Asset-Backed Securities ("ABS") and lease liabilities, less capitalised interests, exchange gains or losses on foreign currency denominated borrowings and changes in fair value of derivative financial instruments. Interest on borrowings relating to project development is capitalised to the extent that directly attributable to a particular project and used to finance the development of that project.

During the year, finance costs, net of the Group was RMB2,530 million, representing a decrease of 7.8% when compared with RMB2,744 million in 2018. The decrease was mainly due to non-capitalised exchange losses from foreign currency denominated borrowings decreased by RMB 698 million and changes in fair value of derivative financial instruments increased by RMB 298 million, and offset the increase of RMB 782 million in non-capitalised interest expenses. The increase in interest expenses was mainly attributable to higher average balance of borrowings in 2019.

Share of post-tax profits of investments accounted for using the equity method

During the year, the share of post-tax profits of investments accounted for using the equity method comprises share of post-tax profits of joint ventures and share of post-tax losses of associates, which amounted to RMB1,086 million, representing an increase of 39.1 times when compared with RMB27 million in 2018. The increase was mainly attributable to an increase in the share of post-tax profits of joint ventures to RMB1,103 million, net of share of post-tax losses of associates.

Profit attributable to shareholders

During the year, profit attributable to shareholders of the Group was RMB7,512 million, representing an increase of 5.4% when compared with RMB7,125 million in 2018.

Liquidity, financial and capital resources

Cash position and fund available

As at 31 December 2019, the total cash and bank balances of the Group were RMB42,555 million (31 December 2018: RMB45,062 million), of which RMB33,551 million (31 December 2018: RMB35,776 million) was cash and cash equivalents and RMB9,004 million (31 December 2018: RMB9,286 million) was restricted cash.

Some of the Group's project companies are required to place a certain amount of pre-sale proceeds in designated bank accounts as guarantee deposits for construction of the relevant properties.

As at 31 December 2019, the Group's undrawn borrowing facilities were RMB6,404 million (31 December 2018: RMB2,733 million).

Borrowings

As at 31 December 2019, the Group's total borrowings amounted to RMB96,670 million, of which bank borrowings and other borrowings, senior notes, PRC Corporate Bonds, CMBS and ABS amounted to RMB67,862 million, RMB15,252 million and RMB13,556 million respectively.

| | As at 31 December 2019 (RMB million) | As at 31 December 2018 (RMB million) |
|---|---|---|
| Repayment schedule | | |
| Bank borrowings and other borrowings | | |
| Within 1 year | 31,180 | 30,542 |
| Over 1 year and within 2 years | 16,728 | 10,919 |
| Over 2 years and within 5 years | 16,272 | 15,743 |
| Over 5 years | 3,682 | 6,089 |
| Subtotal | 67,862 | 63,293 |
| Senior notes | | |
| Within 1 year | 6,243 | - |
| Over 1 year and within 2 years | 4,163 | 6,115 |
| Over 2 years and within 5 years | 4,846 | 5,436 |
| Subtotal | 15,252 | 11,551 |
| PRC Corporate Bonds, CMBS and ABS | | |
| Within 1 year | 4,874 | 4,791 |
| Over 1 year and within 2 years | 8,682 | 2,025 |
| Over 2 years and within 5 years | - | 6,869 |
| Subtotal | 13,556 | 13,685 |
| Total | 96,670 | 88,529 |

As at 31 December 2019, the Group's bank borrowings (including syndicated loans) of RMB40,348 million (31 December 2018: RMB37,704 million) and other borrowings of RMB13,582 million (31 December 2018: RMB11,495 million) were secured by its cash, rights-of-use assets, self-used properties, properties held for sale, properties under development, investment properties, the shares of subsidiaries and equity interest. The senior notes were guaranteed by certain subsidiaries of the Group and were secured by the pledges of their shares. The net assets of these subsidiaries were RMB4,394 million as at 31 December 2019 (31 December 2018: RMB4,026 million). The ABS and CMBS of RMB904 million (31 December 2018: RMB1,055 million) and RMB4,084 million (31 December 2018: RMB 4,073 million) were secured by its trade receivables and rights-of-use assets, self-used properties and investment properties.

The gearing ratio is the ratio of net borrowings (total borrowings less total cash and cash equivalents and restricted cash) to total equity. As at 31 December 2019, the gearing ratio was 82.8% (31 December 2018: 79.1%).

Currency risk

The Group conducts its business primarily in Renminbi. Certain bank deposits and bank borrowings were denominated in Hong Kong dollars, United States dollars, Malaysian Ringgit and Macau Pataca, and the Group's senior notes were all denominated in United States dollars. Since early 2016, the Group has adopted a hedging policy and entered into capped forward contracts with certain work to mitigate certain of its foreign currency exposure in United States dollars and Hong Kong dollars denominated indebtedness and achieve better management over foreign exchange risk. The objective of the arrangement is to minimize the volatility of the RMB cost of highly probable forecast repayments of debts. Other than those disclosed, the Group does not have any material exposures to foreign exchange fluctuations.

As at 31 December 2019, the Group had capped forward contracts of USD4,490 million. During the year, the Group recorded RMB200 million fair value gains (2018: RMB98 million fair value losses) in derivative financial instruments.

Cost of borrowings

In 2019, the total cost of borrowings (not including the interest expense of lease liabilities) of the Group was RMB7,079 million, representing an increase of 40.0% when compared with RMB5,056 million in 2018. The increase was mainly attributable to higher average balance of borrowings in 2019. Regardless of exchange differences arising from foreign currencies borrowings, the Group's effective borrowing rate for the year was 7.10% (2018: 6.49%).

Financial guarantee

The Group is in cooperation with certain financial institutions for the provision of mortgage loan facility for its purchasers of property and has provided guarantees to secure repayment obligations by such purchasers. As at 31 December 2019, the outstanding guarantees were RMB38,294 million (31 December 2018: RMB44,775 million). Such guarantees shall terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within one year after taking over of the possession of the relevant property by the purchasers; or (ii) the satisfaction of relevant mortgage loans by the purchasers.

The Group's proportionate interest in financial guarantee of mortgage facilities for certain purchasers relating to the associates and joint ventures as at 31 December 2019 was RMB3,100 million (2018: RMB73 million) and RMB13,308 million (2018: RMB3,407million) respectively.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with any accrued interests and penalties owed by the defaulted purchasers to the banks, and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee starts from the dates the mortgagees grant the mortgage loans. No provision has been made for the guarantees as the management is of the view that the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interests and penalties in case of default in payments.

Several subsidiaries of the Group and associates counter parties have provided certain guarantees in proportion of their shareholding in certain associates in respect of loan facilities amounting to RMB2,844 million (2018: RMB848 million). The Group's share of the guarantees amounted to RMB1,096 million (2018: RMB424 million).

Several subsidiaries of the Group and joint venture parties have provided certain guarantees in proportion to their shareholdings in certain joint ventures in respect of loan facilities amounting to RMB12,423 million (2018: RMB13,779 million). The Group's share of the guarantees amounted to RMB5,832 million (2018: RMB6,245 million).

Commitments

As at 31 December 2019, the capital commitments of the Group in connection with the property development activities were RMB16,406 million (31 December 2018: RMB29,659 million). The Group has also committed to pay outstanding land premium resulting from land acquisitions in the amount of RMB10,020 million (31 December 2018: RMB6,311 million). Additionally, the Group's capital commitments in respect of purchases of property, plant, equipment amounted to RMB813 million (31 December 2018: RMB1,265 million).

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures, and Future Plans for Material Investments or Capital Assets

Pursuant to the cooperative agreement dated on 11 December 2018 and the supplemental agreement dated on 27 February 2019 entered into by and among a third party acquirer (the "**Acquirer I**") and Huizhou Bailuhu Tour Enterprise Development Co., Ltd. (an indirect wholly-owned subsidiary of the Company, "**Huizhou Bailuhu**"), it was agreed that the Acquirer I will acquire 34% equity interest of a subsidiary of Huizhou Bailuhu (the "**Project Company**") at a total consideration of approximate RMB1,394,400,000 and contribute to the Project Company approximate RMB581,000,000. According to the supplemental agreements, the Project Company would be jointly controlled by the Acquirer I and Huizhou Bailuhu. For details, please refer to announcement of the Company dated 11 December 2018 and 27 February 2019.

On 9 May 2019, a third-party company (the “**Vendor I**”), Nanjing Agile Real Estate Development Co., Ltd. (an indirect wholly owned subsidiary of the Company, “**Nanjing Agile**”) and Wuhan Changkai Property Development Company Limited (a company established in the PRC with limited liability, “**Wuhan Changkai**”) entered into the equity transfer agreement (“**Equity Transfer Agreement**”) pursuant to which Nanjing Agile shall acquire 50% equity interests held by the Vendor I in Wuhan Changkai at the total consideration of RMB3,313,601,000. Upon the completion of the Equity Transfer Agreement, Wuhan Changkai will become an indirect wholly-owned subsidiary of the Company. For details, please refer to announcement of the Company dated 19 May 2019.

On 25 September 2019, Tianjin Yachao Enterprise Management Consulting Co., Ltd. (an indirect non-wholly owned subsidiary of the Company, “**Tianjin Yachao**”) entered into an equity transfer agreement with a third-party company (the “**Vendor II**”) in relation to the acquisition of equity interest in CMIG PM, for a consideration of RMB1,560,000,000 to acquire 60% equity interest in CMIG PM, and acquisition of New CMIG PM (a company to be established in the PRC with limited liability as part of the Reorganisation and will be owned as to 60% by the Vendor II and 40% by the remaining shareholder) at the variable consideration, subject to the maximum amount of RMB500,000,000. On 12 December 2019, on the basis that the conditions (including the completion of the reorganisation) for the execution of the New CMIG PM Agreement have been reached, Tianjin Yachao entered into the New CMIG PM Agreement with the Vendor II for variable consideration at a maximum of RMB500,000,000, to acquire 60% equity interest in New CMIG PM, which will be funded by the Group's internal resources by instalments. Upon the completion of acquisition, CMIG PM and New CMIG PM will become a non-wholly owned subsidiary of the Group. For details, please refer to announcements of the Company dated 25 September 2019 and 12 December 2019.

Pursuant to the agreement entered into by a third party acquirer (the “**Acquirer II**”) and Dragon Charm International Limited, Ma Lee International Holdings Limited, China Sharp Group Limited and Guangzhou Panyu Agile Realty Development Co., Ltd. (the indirect wholly-owned subsidiaries of the Company, the “**Agile Subsidiaries**”) in December 2019, it was agreed that the Acquirer II and the Agile Subsidiaries will jointly invest and develop the cooperative land (the “**Bailuhu Project**”) in the agreed proportion of 49% and 51%. The total consideration of RMB1,666,087,000, of which RMB733,485,000 would be paid for the acquisition of equity interests and RMB932,602,000 would be contributed to the Bailuhu Project by the Acquirer II. The Acquirer II has paid total consideration as an advanced payment in December 2019. Up to report date, the transactions has not been completed. For details, please refer to announcement of the Company dated 18 December 2019.

Save as disclosed in this announcement, there were no other significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures during the period, nor was there any plan authorised by the Board for other material investments or additions of capital assets at the date of this announcement.

Employees and remuneration policy

As at 31 December 2019, the Group had a total of 38,313 employees, among which 322 were senior management and 1,011 were middle management. By geographical locations, there were 38,160 employees in Mainland China and 153 employees in Hong Kong, Malaysia and Vietnam. For the year ended 31 December 2019, the total remuneration costs, including directors' remuneration, were RMB4,953 million (2018: RMB3,793 million).

The Group remunerates its employees in reference to the market levels, individual performance and contributions. Bonuses are also distributed based on the performance of employees. The Group also provides a comprehensive benefit package and career development opportunities, including retirement schemes, medical benefits, and both internal and external training appropriate to the employees' needs.

The impact of the outbreak of novel coronavirus

Shortly after we entered 2020, with the rapid outbreak of COVID-19 in various cities, has put the global economy to a major test. Under the effective control measures of Chinese government, the epidemic has been gradually controlled. The Group has comprehensively evaluated its impact on sales activities and construction works in various cities, with an aim to fully support the prevention and control on the novel coronavirus pneumonia epidemic and to effectively cut off the transmission of the virus.

The outbreak has caused short-term impacts on various industries, and the sales of the property development market has also been affected by the short-term psychological impact of the public on the outbreak. Therefore, the Group foresees revenue and income will decline in the first quarter of year 2020 when compared with the corresponding period of last year. However, there are numerous local governments in China have introduced relaxation policies to the local property development market to underpin it in order to stabilise the future development of the Chinese property development market. The Group will closely monitor the development of COVID-19, and continue to assess the impact of the epidemic on the Group's finances and operations.

Outlook

The Group remains confident about the future development of its business segments, and firmly believes that we will succeed in combating the epidemic with our concerted efforts. In the meantime, the Group will continue to deliver steady growth by enhancing internal management capabilities, optimising operational management model, improving training system, reinforcing brand image and continuously upgrading product and service quality. While further enhancing market position, the Group will also strive to develop Agile into a century-long enterprise.

DIVIDENDS

During the year, the Company declared and paid an interim dividend of HK60.0 cents (2018: HK50.0 cents) per ordinary share to the shareholders. The Board has proposed the payment of a final dividend of HK40.0 cents (2018: HK50.0 cents) per ordinary share to the shareholders. Subject to the approval by the shareholders at the annual general meeting of the Company to be held on Monday, 11 May 2020 (“AGM”), the proposed final dividend is expected to be paid on or about Friday, 29 May 2020 to shareholders whose names appear on the register of members of the Company on Wednesday, 20 May 2020.

CLOSURE OF REGISTER OF MEMBERS

To determine the identity of shareholders who are entitled to attend and vote at the AGM

Latest time for lodging transfer : 4:30 p.m. on Tuesday, 5 May 2020
documents of shares
Period of closure of register of : Wednesday, 6 May 2020 to Monday, 11 May 2020
members (both dates inclusive)

To determine the shareholders’ entitlement to the final dividend

Ex-entitlement date for final : Thursday, 14 May 2020
dividend
Latest time for lodging transfer : 4:30 p.m. on Friday, 15 May 2020
documents of shares
Period of closure of register of : Monday, 18 May 2020 to Wednesday, 20 May 2020
members (both dates inclusive)
Record date : Wednesday, 20 May 2020

To qualify for attending and voting at the AGM and/or entitlement to the final dividend, all properly completed transfer forms accompanied by the share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than the corresponding latest time for lodging transfer documents of shares.

NOTICE OF ANNUAL GENERAL MEETING

Notice of AGM will be published on the respective website of the Company at www.agile.com.cn and Hong Kong Stock Exchange at www.hkex.com.hk and will be dispatched to the shareholders of the Company within the prescribed time and in such manner as required under the Listing Rules. A copy of the said notice will also be published on the website of Singapore Exchange Securities Trading Limited (“SGX”) at www.sgx.com.

AUDIT COMMITTEE

The audit committee of the Company had reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2019, and reviewed the accounting principles and practices adopted by the Group with the Group’s management, and discussed the internal controls and financial reporting matters with them.

PUBLIC FLOAT

From information that is publicly available to the Company and within the knowledge of its Directors for the year ended 31 December 2019 and as at the date of this announcement, at least 25% of the Company's total issued share capital is held by the public.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code for securities transactions by directors ("**Securities Dealing Code for Directors**"), which is on terms no less exacting than the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. Having made specific enquiries, each of the Directors of the Company has confirmed to the Company that he or she had fully complied with the Securities Dealing Code for Directors during the year ended 31 December 2019.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year ended 31 December 2019, the Company has complied with all code provisions of the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Listing Rules ("**CG Code**") except for the deviation as specified with considered reasons below.

The code provision A.2.1 of the CG Code requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual. However, in view of the present composition of the Board, Chen Zhuo Lin's in-depth knowledge of the operations of the Group and of the industry, his extensive business network and connections in the sector and the scope of operations of the Group, the Board believes that Chen Zhuo Lin, in his dual capacity as the Chairman of the Board and President, will provide strong and consistent leadership for the development of the Group. The Board also believes that this structure is in the best interest of the Company and will not impair the balance of power and authority of the Board and such arrangement will be subject to review from time to time.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

On 14 January 2019, Guangzhou Panyu Agile Realty Development Co., Ltd. (廣州番禺雅居樂房地產開發有限公司) ("**Panyu Agile**") (an indirect wholly-owned subsidiary of the Company incorporated in China) repurchased its outstanding domestic corporate bonds in an aggregate principal amount of RMB12,228,000 (the "**Repurchased Bonds I**") out of RMB1,600,000,000 (the "**Domestic Bonds I**") due 2021 with an initial coupon rate of 4.7% at the repurchase price of RMB100 each, being the face value of the Domestic Bonds I. Following the completion of the said repurchase, Panyu Agile has resold such Repurchased Bonds I.

On 12 July 2019, the Company repurchased its outstanding domestic non-public corporate bonds in an aggregate principal amount of RMB351,000,000 (the “**Repurchased Bonds II**”) out of RMB3,000,000,000 (the “**Domestic Bonds II**”) due 2020 with an initial coupon rate of 6.98% at the repurchase price of RMB100 each, being the face value of the Domestic Bonds II. Following the completion of the said repurchase, the Company has resold such Repurchased Bonds II.

On 18 July 2019, the Company redeemed all its outstanding subordinated perpetual capital securities in an aggregate principal amount of US\$700,000,000 (the “**Capital Securities**”) at the redemption amount being the outstanding principal amount of the Capital Securities plus accrued distributions.

On 11 October 2019, the Company repurchased its outstanding domestic non-public corporate bonds in an aggregate principal amount of RMB570,000,000 (the “**Repurchased Bonds III**”) out of RMB1,800,000,000 (the “**Domestic Bonds III**”) due 2021 with an initial coupon rate of 4.60% at the repurchase price of RMB100 each, being the face value of the Domestic Bonds III. Following the completion of the said repurchase, the Company has resold such Repurchased Bonds III.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during 2019.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE COMPANY, HONG KONG STOCK EXCHANGE AND SGX

This announcement is published on the respective website of the Company at www.agile.com.cn, Hong Kong Stock Exchange at www.hkex.com.hk and SGX at www.sgx.com. The annual report of the Company for the year ended 31 December 2019 containing all the information required under the Listing Rules will be dispatched to the Company’s shareholders and will be posted on the above websites in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises twelve members, being Mr. Chen Zhuo Lin* (Chairman and President), Mr. Chan Cheuk Yin** (Vice Chairperson), Madam Luk Sin Fong, Fion** (Vice Chairperson), Mr. Chan Cheuk Hung*, Mr. Huang Fengchao*, Mr. Chen Zhongqi*, Mr. Chan Cheuk Hei**, Mr. Chan Cheuk Nam**, Dr. Cheng Hon Kwan#, Mr. Kwong Che Keung, Gordon#, Mr. Hui Chiu Chung, Stephen# and Mr. Wong Shiu Hoi, Peter#.

* *Executive Directors*

** *Non-executive Directors*

Independent Non-executive Directors

By Order of the Board
Agile Group Holdings Limited
CHEN Zhuo Lin
Chairman and President

Hong Kong, 23 March 2020

Scope of work of PricewaterhouseCoopers

The figures in respect of the Group's consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2019 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers 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 PricewaterhouseCoopers on the preliminary announcement.