越秀地產股份有限公司
YUEXIU PROPERTY COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock code: 00123)

Announcement of 2019 Annual Results

Results Summary

- The revenue was approximately RMB38.34 billion, representing a year-on-year increase of 45.0%.
- The gross profit margin was approximately 34.2%, representing a year-on-year increase of 2.4 percentage points.
- Profit attributable to equity holders was approximately RMB3.48 billion, representing a year-on-year increase of 27.7%; core net profit* was approximately RMB3.51 billion, representing a year-on-year increase of 24.8%.
- The value of the aggregate contracted sales (including contracted sales by joint venture projects) for the year amounted to approximately RMB72.11 billion, representing a year-on-year increase of 24.8%, and accounted for 106.0% of the full year contracted sales target of RMB68.0 billion. In 2019, the contracted sales value of "Railway + Property" projects amounted to approximately RMB5.08 billion.
- The Group has newly acquired 27 land parcels mainly located in cities such as Guangzhou, Shenzhen, Zhongshan, Jiangmen, Hangzhou, Suzhou, Jiaxing, Zhengzhou, Changsha, Qingdao and Chengdu, with total GFA of approximately 7.71 million sq.m. for the year. As at the end of 2019, the total landbank of the Group was approximately 23.87 million sq.m., representing a year-on-year increase of 23.0% and the landbank of Greater Bay Area was approximately 12.34 million sq.m., accounting for approximately 51.7% of the total landbank.

- The Group completed the acquisition of 86% equity interest in Yue Galaxy (品秀星圖) from Guangzhou Yuexiu Group and Guangzhou Metro Group. The Group also acquired 51% equity interest in Yue Melody (品秀星樾) and Yue Infinity (品秀星瀚), both from Guangzhou Yuexiu Group. The successful acquisition of these three metro property projects contributed to the total GFA of the Group's "Railway + Property" with approximately 3.15 million sq.m., representing approximately 13.2% of the total landbank.

- The Group completed 3.08 billion shares subscription by Guangzhou Metro Group with a consideration of approximately HK$6.16 billion, and Guangzhou Metro Group became the second-largest shareholder of the Group with the shareholding of approximately 19.9%.

- The Group obtained the qualifications for the redevelopment of two villages in Guangzhou, namely Lirendong village of Panyu district and Dongliu village of Nansha district. The planned re-development area of Lirendong village was approximately 1.72 million sq.m., with total GFA of approximately 3.49 million sq.m. after the re-development, The planned re-development area of Dongliu village was approximately 60,000 sq.m. with total GFA of approximately 0.25 million sq.m. after the re-development. It is expected that the Group will increase approximately 1.63 million sq.m.of potential landbank through old villages redevelopment project.

- Fully leveraging the advantages of multiple financing channels onshore and offshore, the Group optimised the funding models, and endeavoured to reduce the funding cost. As at the end of 2019, the cash and cash equivalents and charged bank deposits held by the Group amounted to approximately RMB30.19 billion, representing a year-on-year increase of 11.2%. The average borrowing interest rate was 4.93%, representing a slight increase on a year-on-year basis.

- The Board recommended to declare a final dividend for 2019 of HKD0.049 per share (equivalent to RMB0.044 per share); together with the interim dividend, total dividends for the full year of 2019 was HKD0.102 per share (equivalent to RMB0.091 per share), representing a year-on-year increase of 9.7% in terms of HKD.

• Revenue	RMB38.34 billion (+45.0%)
• Gross profit margin	34.2% (+2.4 percentage points)
• Profit attributable to equity holders	RMB3.48 billion (+27.7%)
• Core net profit	RMB3.51 billion (+24.8%)
• Basic earnings per share	RMB0.2410 (+9.5%)
• Contracted sales value	RMB72.11 billion (+24.8%)
• Unrecognised sales value	RMB88.55 billion (+27.8%)
• Total assets	RMB234.70 billion (+39.0%)
• Cash and cash equivalents and charged bank deposits	RMB30.19 billion (+11.2%)
• Net gearing ratio**	74.0% (+12.8 percentage points)

* Core net profit represents profit attributable to equity holders excluding net fair value (losses)/gains on revaluation of investment properties and the related tax effect and net foreign exchange loss recognised in the consolidated statement of profit or loss.

** Net gearing ratio represents the borrowings net of cash and cash equivalents and charged bank deposits divided by equity.

RESULTS

The board of directors ("Directors" or "Board") of Yuexiu Property Company Limited ("Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") prepared under Hong Kong Financial Reporting Standards for the year ended 31 December 2019, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 *RMB'000*	2018 *RMB'000*
Revenue	4	38,339,112	26,433,444
Cost of sales	5	(25,221,725)	(18,040,522)
Gross profit		13,117,387	8,392,922
Sales of investment properties		137,487	96,428
Direct costs of investment properties sold		(103,511)	(93,753)
Gain on sales of investment properties		33,976	2,675
Fair value (losses)/gains on revaluation of investment properties, net		(23,434)	370,875
Other gains, net	6	799,285	1,039,814
Selling and marketing costs	5	(999,568)	(650,513)
Administrative expenses	5	(1,234,510)	(1,045,130)
Operating profit		11,693,136	8,110,643
Finance income		382,497	169,665
Finance costs	7	(1,160,942)	(2,002,121)
Share of profit of			
– joint ventures		12,037	58,466
– associated entities		486,318	446,749
Profit before taxation		11,413,046	6,783,402
Taxation	8	(6,682,538)	(3,743,909)
Profit for the year		4,730,508	3,039,493

	Note	2019	2018
		RMB'000	RMB'000
Attributable to			
– Equity holders of the Company		3,483,351	2,727,885
– Non-controlling interests		1,247,157	311,608
		4,730,508	3,039,493
Earnings per share for profit attributable to equity holders of the Company (expressed in RMB per share)			
– Basic and diluted	9	0.2410	0.2200

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	**2018**
	RMB'000	*RMB'000*
Profit for the year	4,730,508	3,039,493
Other comprehensive (loss)/income:		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(205,091)	(415,210)
Gains/(losses) on cash flow hedges	31,374	(834)
Costs of hedging	7,597	—
Hedging losses reclassified to profit or loss	12,664	—
Items that will not be reclassified to profit or loss		
Changes in the fair value of equity investments at fair value through other comprehensive income, net of tax	44,558	15,161
Other comprehensive loss for the year, net of tax	(108,898)	(400,883)
Total comprehensive income for the year	4,621,610	2,638,610
Attributable to:		
– Equity holders of the Company	3,372,030	2,326,177
– Non-controlling interests	1,249,580	312,433
	4,621,610	2,638,610

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 RMB'000	2018 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		2,505,924	1,994,812
Righ-of-use assets		4,065,788	—
Investment properties		9,438,108	10,865,470
Intangible assets		85,995	—
Land use rights		—	207,569
Properties under development		11,532,544	—
Interests in joint ventures		7,162,021	6,473,872
Interests in associated entities		12,830,629	13,912,313
Financial assets at fair value through other comprehensive income		1,293,264	1,228,635
Derivative financial instruments		65,179	9,069
Deferred tax assets		665,128	492,137
		49,644,580	35,183,877
Current assets			
Properties under development		125,407,543	73,069,099
Properties held for sale		13,446,673	10,164,536
Contract costs		481,320	334,697
Prepayments for land use rights		3,086,312	4,862,699
Trade receivables	11	68,309	50,916
Other receivables, prepayments and deposits		9,956,283	16,223,088
Prepaid taxation		2,416,865	1,772,324
Charged bank deposits		6,083,829	5,168,750
Cash and cash equivalents		24,105,541	21,990,512
		185,052,675	133,636,621

	Note	2019	2018
		RMB'000	*RMB'000*
LIABILITIES			
Current liabilities			
Trade and note payables	12	2,432,898	1,407,577
Contract liabilities		41,942,500	31,637,956
Other payables and accrued charges		47,665,154	29,371,429
Borrowings		7,138,023	5,786,145
Lease liabilities		114,542	—
Derivative financial instruments		1,347	—
Taxation payable		7,623,170	4,425,962
		106,917,634	72,629,069
Net current assets		78,135,041	61,007,552
Total assets less current liabilities		127,779,621	96,191,429
Non-current liabilities			
Borrowings		63,883,633	47,619,960
Lease liabilities		563,665	—
Deferred tax liabilities		6,911,015	5,604,127
Deferred revenue		53,829	55,624
Other payables and accrued charges		1,175,663	—
		72,587,805	53,279,711
Net assets		55,191,816	42,911,718
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		18,035,015	12,759,402
Shares held under share award scheme		(81,577)	(55,220)
Other reserves		567,349	455,671
Retained earnings		22,202,721	20,666,714
		40,723,508	33,826,567
Non-controlling interests		14,468,308	9,085,151
Total equity		55,191,816	42,911,718

1. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRSs) and requirements of the Hong Kong Companies Ordinance Cap. 622.

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (including derivative instruments) and investment properties which are measured at fair value.

The draft financial information relating to the year ended 31 December 2019 and the financial information relating to the year ended 31 December 2018 included in this Results Announcement for the year ended 31 December 2019 does not constitute the Company's statutory annual consolidated financial statements for these years but, in respect of the year ended 31 December 2018, is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The financial statements for the year ended 31 December 2019 have yet to be reported on by the Company's auditor and will be delivered to the Registrar of the Companies in due course.

The Company has delivered the financial statements for the year ended 31 December 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

2. Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2018, as described in those annual financial statements.

(i) The Group has applied the following new standards, amendments to existing standards and interpretation for the first time for their annual reporting period commencing 1 January 2019:

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

The Group had to change its accounting policies and make retrospective adjustments as a result of adopting HKFRS 16. The accounting policy and impact of the adoption of the leasing standard is disclosed in note 3. 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.

(ii) New standards and amendments to existing standards have been issued but are not effective and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
HKAS 1 and HKAS 8 (Amendments)	Definition of Material	1 January 2020
HKAS 1 (Amendments)	Classification of Labilities as Current or Non-current	1 January 2022
HKFRS 3 (Amendments)	Definition of a Business	1 January 2020
HKFRS 9 and HKFRS 7 (Amendments)	Benchmark Interest Rate Reform	1 January 2020
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting	1 January 2020
HKFRS 17	Insurance Contracts	1 January 2021

The above new standards and amendments to existing standards are effective for annual periods beginning on or after 1 January 2020 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group.

3. Changes in accounting policies

(i) The impact of the adoption of HKFRS 16 “Leases” on the Group’s financial statements.

As indicated in note 2 above, the Group has adopted HKFRS 16 “Leases” retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. All right-of-use assets will be measured at the amount of lease liabilities on adoption (adjusted for any prepaid or accrued expenses).

(a) Practical expedients applied

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

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 January 2019
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases, and
- excluding initial direct costs for the measurement of the right-of-use assets at the date of initial application.

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) 4 “Determining whether an Arrangement contains a Lease”.

(b) 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 of 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 at 1 January 2019. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.82%.

	RMB’000
Operating lease commitments disclosed as at 31 December 2018	72,516
Discounted using the lessee’s incremental borrowing rate at the date of initial application	60,684
Less: short-term leases recognised on a straight-line basis as expenses	(12,973)
Lease liability recognised as at 1 January 2019	47,711
Of which are:	
Current lease liabilities	12,330
Non-current lease liabilities	35,381
	47,711

The associated right-of-use assets for property leases were measured at the amount of lease liability on adoption (adjusted for any prepaid or accrued expenses). There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	31 December 2019	**1 January 2019**
	RMB'000	*RMB'000*
Properties	653,078	47,711
Land use rights	3,412,710	207,569
	4,065,788	255,280

Segment assets and additions to non-current assets for 2019 increased as a result of the change in accounting policy. The following segments of 2019 were affected by the change in policy:

	Segment assets	**Additions to non-current assets**
	RMB'000	*RMB'000*
Property development	87,171	131,639
Property management	51,584	47,189
Others	514,323	523,660
	653,078	702,488

(c) Lessor accounting

The Group did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of HKFRS 16.

(ii) Accounting policy for leases

(a) From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and

- makes adjustments specific to the lease, eg term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability

- any lease payments made at or before the commencement date less any lease incentives received

- any initial direct costs, and

- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and properties and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

(b) Accounting policies applied until 31 December 2018

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the balance sheet based on their nature.

4 Segment information

The chief operating decision-maker has been identified as the executive directors. Management determines the operating segments based on the Group's internal reports, which are then submitted to the executive directors for performance assessment and resources allocation.

The executive directors consider the business by nature of business activities and assess the performance of property development, property management, property investment and others.

The Group's operating and reportable segments under HKFRS 8 and the types of turnover are as follows:

Property development	sales of property development activities
Property management	property management services
Property investment	property rentals
Others	revenue from real estate agency and decoration services, etc.

The executive directors assess the performance of the operating segments based on a measure of segment results. This measurement basis excludes the effects of non-recurring expenditure from the operating segments and other unallocated operating costs. Other information provided, except as noted below, to the executive directors are measured in a manner consistent with that in the consolidated financial statements.

Total assets excluded deferred tax assets, prepaid taxation and corporate assets. Corporate assets are not directly attributable to segments.

Sales between segments are carried out on terms equivalent to those that prevail in arm's length transactions. The revenue from external parties reported to the executive directors are measured in a manner consistent with that in the consolidated statement of profit or loss.

Sales between segments are carried out on terms equivalent to those that prevail in arm's length transactions. The revenue from external parties reported to the executive directors are measured in a manner consistent with that in the consolidated statement of profit or loss.

	Property development	Property management	Property investment	Others	Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2019					
Revenue	34,453,749	1,205,644	738,725	3,749,363	40,147,481
Inter-segment revenue	—	(317,458)	(49,161)	(1,441,750)	(1,808,369)
Revenue from external customers	34,453,749	888,186	689,564	2,307,613	38,339,112
Revenue from contracts with customers:					
Recognised at a point in time	34,453,749	—	—	598,384	35,052,133
Recognised over time	—	888,186	—	1,709,229	2,597,415
Revenue from other sources:					
Rental income	—	—	689,564	—	689,564
Segment results	9,556,614	130,157	458,045	840,754	10,985,570
Depreciation and amortisation	(151,107)	(28,545)	—	(30,375)	(210,027)
Fair value losses on revaluation of investment properties, net	—	—	(23,434)	—	(23,434)
Share of profit/(loss) of:					
– joint ventures	31,457	—	—	(19,420)	12,037
– associated entities	105,601	—	373,384	7,333	486,318

	Property development	Property management	Property investment	Others	Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2018					
Revenue	24,290,331	1,014,908	718,753	1,492,218	27,516,210
Inter-segment revenue	—	(168,412)	(34,038)	(880,316)	(1,082,766)
Revenue from external customers	24,290,331	846,496	684,715	611,902	26,433,444
Revenue from contracts with customers:					
Recognised at a point in time	24,290,331	—	—	439,646	24,729,977
Recognised over time	—	846,496	—	172,256	1,018,752
Revenue from other sources:					
Rental income	—	—	684,715	—	684,715
Segment results	6,113,344	66,415	863,947	115,490	7,159,196
Depreciation and amortisation	(61,984)	(2,686)	—	(302)	(64,972)
Fair value gains on revaluation of investment properties, net	—	—	370,875	—	370,875
Share of profit/(loss) of:					
– joint ventures	61,420	—	—	(2,954)	58,466
– associated entities	25,187	—	385,400	36,162	446,749

	Property development	Property management	Property investment	Others	Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2019					
Segment assets	196,792,224	1,315,120	9,438,108	2,424,198	209,969,650
Interests in joint ventures	7,116,910	—	—	45,111	7,162,021
Interests in associated entities	3,615,060	—	8,224,747	990,822	12,830,629
Total reportable segments' assets	207,524,194	1,315,120	17,662,855	3,460,131	229,962,300
Total reportable segments' assets include:					
Additions to non-current assets (note)	375,270	60,483	—	653,328	1,089,081

	Property development	Property management	Property investment	Others	Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2018					
Segment assets	131,179,966	1,289,242	10,865,470	2,064,894	145,399,572
Interests in joint ventures	6,410,367	—	1,059	62,446	6,473,872
Interests in associated entities	7,336,060	—	6,298,546	277,707	13,912,313
Total reportable segments' assets	144,926,393	1,289,242	17,165,075	2,405,047	165,785,757
Total reportable segments' assets include:					
Additions to non-current assets (note)	126,332	6,294	5,266	2,947	140,839

Note: Non-current assets represent non-current assets other than properties under development, financial instruments, interests in joint ventures, interests in associated entities and deferred tax assets.

A reconciliation of total segment results to profit before taxation is provided as follows:

	Year ended 31 December	
	2019	**2018**
	RMB'000	*RMB'000*
Segment results	10,985,570	7,159,196
Unallocated operating costs (note)	(91,719)	(88,367)
Other gains, net	799,285	1,039,814
Operating profit	11,693,136	8,110,643
Finance income	382,497	169,665
Finance costs	(1,160,942)	(2,002,121)
Share of profit of:		
– joint ventures	12,037	58,466
– associated entities	486,318	446,749
Profit before taxation	11,413,046	6,783,402

Note: Unallocated operating costs include mainly staff salaries and other operating expenses of the Company.

A reconciliation of reportable segments' assets to total assets is provided as follows:

	As at 31 December	
	2019	**2018**
	RMB'000	*RMB'000*
Total reportable segments' assets	229,962,300	165,785,757
Deferred tax assets	665,128	492,137
Prepaid taxation	2,416,865	1,772,324
Corporate assets (note)	1,652,962	770,280
Total assets	234,697,255	168,820,498

Note: Corporate assets represent property, plant and equipment, right-of-use assets, derivative financial instruments, other receivables and cash and cash equivalent of the Company.

No geographical segment analysis is shown as more than 90% of the Group's revenue are derived from activities in and from customers located in China and more than 90% of the carrying values of the Group's non-current assets excluding deferred income tax are situated in China.

For the year ended 31 December 2019 the Group does not have any single customer with the transaction value over 10% of the total external sales (2018: same).

5 Expenses by nature

Cost of sales, selling and marketing costs, and administrative expenses include the following:

	2019	**2018**
	RMB'000	*RMB'000*
Cost of properties sold included in cost of sales	23,300,491	16,604,384
Employee benefit expenses	1,912,748	1,464,379
Selling and promotion expenses	878,629	571,314
Other tax and surcharge	382,573	324,710
Direct operating expenses arising from investment properties	141,884	133,674
Provision for impairment of properties held for sale	179,796	85,591
Operating leases - Land and buildings	—	83,205
Expense related to short-term leases	86,467	—
Depreciation of property, plant and equipment	72,260	54,724
Amortisation of right-of-use assets	108,157	—
Amortisation of intangible assets	29,610	—
Amortisation of land use rights	—	10,248
Auditor's remuneration	6,000	6,000
Other expenses	357,188	397,936
	27,455,803	19,736,165

6 Other gains, net

	2019	**2018**
	RMB'000	*RMB'000*
Remeasurement gains on interests in a joint venture/associated entities	765,623	553,636
Gain on disposal of subsidiaries	22,192	463,494
Gain on bargain purchase on acquisition	10,561	40,111
Penalty income/(expense), net	47,332	(17,373)
Fair value loss on supporting arrangement liabilities	(32,318)	(22,736)
Others	(14,105)	22,682
	799,285	1,039,814

7 Finance costs

	2019	2018
	RMB'000	*RMB'000*
Interest on bank borrowings and overdrafts	1,609,573	1,356,077
Interest on other borrowings	1,780,848	1,422,669
Interest on borrowings from a shareholder	133,935	—
Interest on borrowings from intermediate holding company	69,574	128,785
Interest on borrowings from associated entities	33,564	23,000
Interest on borrowings from ultimate holding company	20,634	—
Interest on borrowings from a fellow subsidiary	4,908	1,982
Interest on borrowings from entities with significant influence over the subsidiaries	160,014	194,602
Interest on borrowings from non-controlling interest ("NCI") and related parties of NCI (note (a))	106,908	23,646
Interest expense on lease liabilities	19,964	—
Net fair value gain on derivative financial instruments	(17,138)	(8,394)
Fair value losses on forward contract designated as cash flow hedges - transfer from other comprehensive income	12,664	—
Net foreign exchange loss on financing activities	12,316	653,146
Total borrowing costs incurred	3,947,764	3,795,513
Less: amount capitalised as properties under development and property, plant and equipment (Note (b))	(2,786,822)	(1,793,392)
	1,160,942	2,002,121

Note:

(a) The amount represents interest on the amounts of subsidiaries of the Group due to NCI and related parties of NCI. Out of the total amount of approximately RMB5,216 million, the interest bearing balance is approximately RMB2,332 million as at 31 December 2019 (31 December 2018: RMB293 million) and bears interest at a weighted average rate of 5.79% per annum (2018: 5.70% per annum). The balance, which is included in other payables and accrued charges, is denominated in RMB.

(b) Borrowing costs capitalised during the year are calculated by applying a weighted average capitalisation rate of 5.17 percent per annum (2018: 4.82 percent per annum).

8 Taxation

(a) Hong Kong profits tax has been provided at the rate of 16.5 percent (2018: 16.5 percent) on the estimated assessable profit for the year.

(b) China enterprise income taxation is provided on the profit of the Group's subsidiaries, associated entities and joint ventures in China at 25 percent (2018: 25 percent).

In addition, dividend distribution out of profit of foreign-invested enterprises earned after 1 January 2008 is subject to corporate withholding income tax at tax rates ranging from 5 percent to 10 percent. During the year, withholding income tax was provided for dividend distributed and undistributed profit, recognised based on HKFRS, of the Group's subsidiaries, joint ventures and associated entities in China at tax rates ranging from 5 percent to 10 percent (2018: 5 percent to 10 percent).

(c) China land appreciation tax is levied at progressive rates ranging from 30 percent to 60 percent on the appreciation of land value, being the proceeds of sales of properties less deductible expenditure including costs of land, development and construction.

(d) The amount of taxation charged to the consolidated statement of profit or loss comprises:

	2019	**2018**
	RMB'000	*RMB'000*
Current taxation		
China enterprise income tax	2,540,612	1,472,708
China land appreciation tax	4,094,104	1,870,710
Corporate withholding income tax	267,599	—
Deferred taxation		
Origination and reversal of temporary difference	(354,260)	(10,580)
China land appreciation tax	(28,704)	92,008
Corporate withholding income tax on undistributed profits	163,187	319,063
	6,682,538	3,743,909

9 Earnings per share

Basic

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

	2019	**2018**
Profit attributable to equity holders of the Company (RMB'000)	3,483,351	2,727,885
Weighted average number of ordinary shares in issue ('000)	14,455,290	12,401,307
Basic earnings per share (RMB)	0.2410	0.2200

Diluted

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Since there was no dilutive potential ordinary shares during the year ended 31 December 2019, diluted earnings per share is equal to basic earnings per share (2018: same).

10 Dividends

The dividends paid in 2019 was approximately RMB1,433 million (2018: RMB1,006 million). The Board proposed a final dividend of HKD0.049 per ordinary share, totaling approximately RMB681 million. Such dividend is to be approved by the shareholders at the Annual General Meeting on 28 May 2020. These financial statements do not reflect this dividend payable.

	2019	**2018**
	RMB'000	*RMB'000*
Interim, paid, of HKD0.053 equivalent to RMB0.047 (2018: HKD0.042 equivalent to RMB0.036) per ordinary share	738,513	462,368
Final, proposed, of HKD0.049 equivalent to RMB0.044 (2018: HKD0.051 equivalent to RMB0.044) per ordinary share	681,220	545,657
	1,419,733	1,008,025

11 Trade receivables

As at 31 December 2019 and 2018, the ageing analysis of the trade receivables from the invoice date is as follows:

	2019	**2018**
	RMB'000	*RMB'000*
0 - 30 days	29,920	20,216
31 - 180 days	19,760	11,393
181 - 365 days	11,809	13,623
Over 1 year	15,625	14,489
	77,114	59,721
Less: loss allowance	(8,805)	(8,805)
	68,309	50,916

12 Trade and note payables

The ageing analysis of the trade and note payables is as follows:

	2019	2018
	RMB'000	*RMB'000*
0 - 30 days	585,856	560,463
31 - 90 days	676,356	332,645
91 - 180 days	967,073	469,212
181 - 365 days	147,875	21,037
1 - 2 years	42,680	16,579
Over 2 years	13,058	7,641
	2,432,898	1,407,577

13 Subsequent event

After the outbreak of Coronavirus Disease 2019 ("COVID-19 outbreak") in early 2020, a series of precautionary and control measures have been and continued to be implemented across China. The Group will pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Group.

CHAIRMAN’S STATEMENT

I. BUSINESS REVIEW

Economic and Market Environment

In 2019, global economy continued its slowing growth. The escalated and continuing China-US trade disputes posed enormous risks to growth in global trade and economy. While the US economy performed remarkably, the major developed economies faced a slowdown and the emerging markets and developing economies saw a drop in growth. In view of tremendous risks inside and outside China, increased external uncertainties and destabilising factors, there was downward pressure on the macro economy. However, the macroeconomic indicators were kept within a proper range as a result of a series of measures by the Chinese government. It upheld a stable and progressive development trend to deepen the supply-side reform continuously. Together with greater support of fiscal policy and monetary policy from the government, and its active implementation of the policy of “Six Stabilities” that ensures “stability in employment, financial sector, foreign trade, foreign investment, domestic investment, and expectations”, it also constantly adjusted economic structure and upgraded consumption as well as accelerated reform and opening up. The economy maintained a stable development throughout the year with a year-on-year growth of 6.1% in GDP.

In 2019, the PRC’s property market policies aimed at “housing for living in rather than for speculation”, “policy implementation in line with each city and categorised control measures” and “stabilising land price, housing price, and expectation”. Generally speaking, development of the PRC property market as a whole was stable. The GFA of commodity housing sales was approximately 1.72 billion sq.m., representing a year-on-year decrease of 0.1%, while commodity housing sales value was approximately RMB16.0 trillion, representing a year-on-year increase of 6.5%. The property sector continued to serve its pillar function in the national economy. In 2019, there was obvious results achieved in terms of adjustment and control of the PRC property market. The sales volume of commodity housing in major cities recorded a slight year-on-year adjustment with a small rise in price. The overall trend was stable and the property market showed a clear differentiation.

The land market was stable as a whole with a slight increase in supply and transactions of residential land, high transaction price and low land premiums. Local governments intensified the categorised controls of land supply, optimised the rule of land auction and controlled the land premiums. As the economic fundamentals of tier-1 and tier-2 cities was solid and land supply was limited, land competition and land premiums remained fierce and relatively high respectively. In the second half of the year, the industry's funding environment faced tightening, which led to increased balance sheet pressure for the property developers and the land market returning to reasonable level.

Steady Growth in Operating Results

In 2019, the Group centered on the annual work theme of "deepened management ability improvement, operation-driven development", and grasped the guiding principle of "enhanced competitiveness, stable operation, and balanced development." By improving the management ability and building the core competitiveness of business development, the Group realised sustained high-quality business growth.

In 2019, the revenue of the Group was approximately RMB38.34 billion, representing a year-on-year increase of 45.0%. The gross profit margin was approximately 34.2%, representing a year-on-year increase of 2.4 percentage points. Profit attributable to equity holders was approximately RMB3.48 billion, representing a year-on-year increase of 27.7%. Core net profit was approximately RMB3.51 billion, representing a year-on-year increase of 24.8%. As at the end of 2019, the unrecognised sales value amounted to RMB88.55 billion, representing a year-on-year increase of 38.6%.

The Board proposed to declare a final dividend for 2019 of HKD0.049 per share (equivalent to RMB0.044 per share), together with the interim dividends, total dividends for the full year of 2019 was HKD0.102 per share (equivalent to RMB0.091 per share). Calculated in Hong Kong dollars, the dividend per share for the full year of 2019 increased by 9.7% on a year-on-year basis.

Contracted Sales Hit Record High

In 2019, the Group adopted flexible and proper sales strategies and grasped market opportunities in response to the control policies of "housing for living in rather than for speculation", "policy implementation in line with each city" and changes in the market. Hence it accelerated sales and cash collection, achieved significant growth in contracted sales and hit a record high. During the year, the Group recorded a contracted sales value (including contracted sales by joint venture projects) of approximately RMB72.11 billion, representing a year-on-year increase of 24.8%, accounting for 106.0% of the full year contracted sales target of RMB68.0 billion. The contracted sales GFA was approximately 3.49 million sq.m., representing a year-on-year increase of 26.1%. The average selling price was approximately RMB20,700 per sq.m., flat on a year-on-year basis.

Safe and Sound Financial Positions

As at the end of 2019, cash and cash equivalents and charged bank deposits amounted to approximately RMB30.19 billion, representing a year-on-year increase of 11.2%; the net gearing ratio was 74.0% within a proper range, representing a year-on-year increase of 12.8 percentage points. Net cash inflows from operating activities amounted to approximately RMB6.37 billion. The financial position was healthy and safe.

In 2019, fully leveraging the advantages of multiple funding channels onshore and offshore, the Group strengthened capital management, optimised the funding models, and endeavoured to reduce the funding cost. The Group successfully issued various onshore bonds of approximately RMB7.30 billion with coupon rates between 3.60% and 4.03% and terms between 3 years and 5 years, which helps optimise the debt portfolio and debt structure. The average borrowing interest rate was 4.93%, representing a slight increase on a year-on-year basis.

Increase High-quality Landbank through Diversified Models

In 2019, through various distinct channels including "Railway + Property", "Yuexiu Group Incubation + Yuexiu Property Purchase", cooperation with state-owned enterprises, urban renewal, land acquisition by application mechanism, auction in the open market, the Group newly acquired 27 prime land parcels located in eleven cities including Guangzhou, Shenzhen, Zhongshan, Jiangmen, Hangzhou, Suzhou, Jiaxing, Zhengzhou, Changsha, Qingdao and Chengdu at relatively low premiums, with a total GFA of approximately 7.71 million sq.m., and the attributable GFA was approximately 5.21 million sq.m.. With the new expansion to tier-1 and tier-2 cities as well as potential metropolis including Shenzhen, Chengdu, Zhengzhou, Changsha and Jiaxing, the nationwide development layout has included 19 cities and the regional layout was more balanced and reasonable.

As at the end of 2019, the total landbank of the Group amounted to approximately 23.87 million sq.m. and covered 19 cities and regions across the country, which is sufficient for development in the next three to five years.

Efficient Promotion of the Greater Bay Area-rooted Strategy

The Group strived to deepen and expand its operation with remarkable performance on account of the smooth implementation of the Greater Bay Area-rooted market strategy and the completed layout of six cities in the Greater Bay Area. It was also attributable to the constant enhancement in organisational structure and the set-up of four regional companies such as Bay East, Bay Middle, Bay West and Railway Transit. In 2019, the contract sales value of the Greater Bay Area of the Group amounted to approximately RMB42.14 billion, representing a year-on-year increase of 21.6% and accounting for approximately 58.5% of the total contract sales value.

Taking “The Development Plan of Guangdong-Hong Kong-Macao Greater Bay Area” as a strategic opportunity, the Group strengthened the strategic layout of the Greater Bay Area and completed the first land acquisition in Shenzhen, the central city of the Greater Bay Area. According to the plan, Shenzhen will leverage on its unique edges in developing the Greater Bay Area, building itself into an innovation-led global city. For that reason, Shenzhen has considerable potential in the property development as it is facing enormous shortage of land supply but a huge demand.

The Group successfully obtained a high-quality landbank with a total GFA of approximately 0.17 million sq.m. in Baoan District, Shenzhen during the year. In addition to Shenzhen, the Group also increased thirteen high-quality land parcels with a total GFA of approximately 4.80 million sq.m. in three cities including Guangzhou, Zhongshan and Jiangmen in Greater Bay Area.

As at the end of 2019, the landbank owned by the Group in six cities of the Greater Bay Area amounted to approximately 12.34 million sq.m., accounting for approximately 51.7% of the total landbank.

Successful Implementation of “Railway + Property” Model

In the first half of the year, the Group completed the acquisition of 86% of the equity interest in Yue Galaxy, which was the first “Railway + Property” project from Guangzhou Yuexiu Group and Guangzhou Metro Group. Besides, the Group also completed 3.08 billion shares subscription by Guangzhou Metro Group at the subscription price of HK$2.0 per subscription share. Guangzhou Metro Group became the second-largest shareholder of the Group with the shareholding of approximately 19.9%.

Upon completion of the acquisition, Yue Galaxy would be developed into a large residential project with a total GFA of approximately 1.36 million sq.m., in which sellable GFA was approximately 0.94 million sq.m.. With such a large scale of the project, the Group aimed at building Yue Galaxy into a mega residential complex with commercial, educational, cultural and other community facilities. The project located in Guanhu village, Xintang town, Zengcheng district, Guangzhou city is an atop-station development project at Guanhu Station of Guangzhou Metro Line 13.

In the second half of the year, the Group successfully acquired 51% interest in two metro property projects, namely Yue Melody in Huangpu district and Yue Infinity in Panyu district, both in Guangzhou. The Yue Melody adjacent to Xiangxue Station of Guangzhou Metro Line 6 was the only large-scale land in the core area of district, with a total GFA of approximately 0.91 million sq.m.. It can be developed into a large-scale complex consisting of residential buildings and educational facilities. Located at Chentougang Station of Guangzhou Metro Line 22, Yue Infinity is an atop-station development project, a rare large-scale residential project at Panyu district in Guangzhou, with a total GFA of approximately 0.88 million sq.m.. Guangzhou Metro Line 22 is expected to commence into operation in 2020, which may add value to the project.

The successful implementation of the Group's "Railway + Property" model will significantly enhance the Group's ability to acquire quality landbank, which will facilitate the rapid development of the Group's real estate business.

After the successful acquisition of the three metro property projects, a total GFA of such metro property projects reached approximately 3.15 million sq.m., accounting for approximately 13.2% of the total landbank. During the year, the metro property projects realised contracted sales value of approximately RMB5.08 billion and such sale accounted for approximately 7.0% of the total contracted sales value.

Remarkable Progress in Urban Renewal Business

In 2019, the Group obtained the qualification for the redevelopment of two old villages, namely Lirendong village in Panyu district and Dongliu village in Nansha district, both in Guangzhou. For Lirendong village, the planned re-development area is approximately 1.72 million sq.m. and the total GFA will be approximately 3.49 million sq.m. after the re-development. For Dongliu village, the planned re-development area is approximately 60,000 sq.m. and the total GFA will reach approximately 0.25 million sq.m. after the re-development. In the future, the Group will negotiate a specific demolition plan with the villagers, and formally acquire the landbank after the relevant steps are implemented. Redevelopment of the old villages is a new channel for the Group to obtain land resources and can become another important potential acquisition model following the "Railway + Property" model.

Steady Development of Commercial Properties

Upholding the Strategy of "Coordinated Development of Both Residential and Commercial Properties", the Group is committed to continuous enhancement of business operation capacity through the optimisation of the dual platform of "Yuexiu Property-Yuexiu REIT" and the active implementation of the development model of "development + operations + securitisation". Thereby the Group developed its commercial properties business as a growth pillar and stabiliser for the Group. As at the end of 2019, the Group directly owned approximately 0.70 million sq.m. of investment properties for leasing and recorded a rental income of approximately RMB0.69 billion, representing a year-on-year increase of 0.7% during the year. The Group held approximately 38.1% of Yuexiu REIT, which had 0.97 million sq.m. of commercial properties for lease and achieved revenue of approximately RMB2.06 billion during the year, representing a year-on-year increase of 1.3%.

Constant Improvement in Organisational Management

In light of the continuous growth in the development scale, the Group constantly improved the organisational management system. The Group continued to enhance the operational management system centred by project operations, while optimising the operational mechanism and system, accelerating turnover for better quality and efficiency with the business-driven focus and comprehensively enhancing the management of business lines including construction, product, cost and procurement. Moreover, with the aim of building an excellent team with strong execution ability and common goals and values, the Group continued to improve the implementation of the mechanisms of co-investment and share incentive schemes and enhance the internal cultivation and introduction of core talents together with the set-up of talent bank.

II. BUSINESS OUTLOOK

Looking forward to 2020, the global economy will still face many risk factors such as the uncertainty of the China-US trade conflicts, hard Brexit and geopolitical risks that will pose enormous potential risks to the growth in the global economy. However, the phase-one economic and trade agreement between China and the United States will be beneficial to stabilising the world economic and trade development. Meanwhile, in response to the weak global economy, major developed economies and developing economies will ease monetary policies, and also the Federal Reserve is expected to remain looser monetary policies in 2020, which will be conducive to the stabilisation and recovery of the global economy. China's economy will face a number of internal and external environmental challenges. In particular, the undetermined prospect of China-US trade conflicts and the impact prompted by novel coronavirus outbreak at the beginning of the year will make China's macroeconomy bear more significant downward pressure. Chinese government is expected to strengthen the macroeconomic stability continuously under the overarching principle of "seeking growth while maintaining stability", since the year 2020 will witness China's creation of a well-off society and the accomplishment of "13th Five-Year Plan". Moreover, it will implement a proactive fiscal policy and a moderately prudent monetary policy, continue to deepen supply-side reforms and strengthen innovation to accelerate the upgrading of industries and consumption structure. The government will adhere to the acceleration of reform and opening up as the driving force while improving the measure "Six Stabilities". China's macroeconomy is expected to operate within a proper range and maintain steady growth in 2020, which is attributable to the easing effect of China-US economic and trade relation and the government's forthcoming measures supporting the economy.

In 2020, the property market is expected to remain stable as a whole. The control policies of the government will continue to remain stable, with focus on the positioning of "housing for living in rather than for speculation" along with city-specific emphasis. The government will continue to promote the launch of long-term mechanism of the property market, ensure the steady and healthy development of the real estate industry and refrain from using the property sector as short-term stimulus. The government is expected to properly relax the regulation and control policies on the property market in response to the enormous influence incurred by the novel coronavirus outbreak on macroeconomic operations and the property market. Besides, there will be correction in the total market transactions with limited room for price growth given that the novel coronavirus outbreak is expected to pose a negative impact, while the market performance will continue to be significantly differentiated. The overall market in the Greater Bay Area and the Yangtze River Delta urban agglomeration presents a good trend due to the strong demand for housing and the larger room for favorable policies. However, the tier-3 and tier-4 cities face the relatively weak market demand and the relatively high downward pressure on the market. Both the rigid and improved demand will still dominate the overall market demand. The government will carry out the categorised control measure of "policy implementation in line with each city" based on the land markets in different cities to adjust land supply and to stablise land prices. Supply of credit fund will remain moderate in general whereas the funding environment of property developers will be steady and tight, thereby the government will strengthen the supervision of the funding by property developers to control the industry risks effectively. However, the government may properly relax the funding control policy on the property market in response to the negative effect incurred by the novel coronavirus outbreak on property market.

Achieving Various Annual Operation Targets

In 2020, the Group will adhere to the theme of "improvement of in-depth management capability, operation-driven development" and devote every effort to achieve its annual sales and business targets in line with the strategic requirements of "utilising resource, improving capacity, strengthening business, adjusting structure, promoting transformation and seeking development". In terms of sales, the Group will target to achieve high sell-through rate and cash collection rate through grasping the pace of market changes, accelerating goods supply and precise launches to expand marketing channels, and speeding up the sales of railway projects, aiming to achieve the annual sales target. For the operation, the Group will step up project development and asset turnover to continuously enhance profitability. For the product development, the Group will uphold the operational principle of "quality product, quality service and quality brand" to improve the competitiveness of products. In the meantime, the Group will make the TOD product lines and the service system innovative by making use of "Railway + Property" business. Moreover, with the aim of building an excellent team with strong execution ability and common goals and values, the Group will enhance the implementation of the mechanisms of co-investment and share incentive schemes and step up the internal cultivation and introduction of core talents together with the set-up of talent bank.

Acquisition of High-Quality Land Resources by Diversified Models

The Group will continue to reinforce the unique platform for the acquisition of quality land resources, and optimise the unique acquisition model of "Railway + Property". Besides, the Group will consolidate acquisition approach of "Yuexiu Group Incubation + Yuexiu Property Purchase". By capturing on the background of state-owned enterprises, the Group will step up cooperation with state-owned enterprises for the quality gain in land land resources. Taking the urban renewal projects of Lirendong and Dongliu villages as an opportunity, the Group will utilize the model of old village redevelopment into a new channel for the Group to obtain quality land resources. The Group will also continue to redevelop old cities and old factories while innovate the ways for land acquisition including conversion of industrial land, business parks and through building supporting facilities. With regard to the open land market, the Group will constantly improve the market study for a various cities and customer-based investigation under the principle of "deepening the macro-view and strengthening the micro-view", so that the reliability and effectiveness of investment decisions will be enhanced. Regarding the allocation of investment resources, the Group will incline to support areas, cities and projects with high input to output ratio, rapid asset turnover, and high sell-through rate and cash collection rate, and outstanding teams, which act on the requirements of controlled pace, good landbank structure and optimal layout. For the layout of investment regions, the upholding of "1+4" regional layout will enable the Group to secure its leading position in the Greater Bay Area when it focuses on the Greater Bay Area. At the same time, the Group will also moderately increase its resources investment in the regions of Eastern China, Central China, Northern China and Western China.

Continued Improvement in Control and Operation Capabilities

The Group will continue to be sensitive to customers' needs and accelerate the establishment of a customer research system, and with the property owner's life cycle experience as the direction, provide quality products and services and continue to improve its development and operation capabilities.

Following the expansion of the regional layout, the Group will continue to strengthen the refined management level of operations, manage the operation of the projects well and improve operational efficiency. Besides, the Group will strengthen the project management, ensure on-time supply and project delivery, optimise the assessment system of the project schedule, enhance the standardisation of project management and effectively improve the project management control standard. Moreover, the Group will continue to optimise supplier resources and structures and develop and improve costs and procurement system. The Group will optimise cost control and strengthen dynamic cost management, thereby achieving an accurate cost allocation.

Steady Enhancement of Commercial Property Operation

Adhering to the crucial development strategy of "Coordinated development of both residential and commercial properties", the Group will emphasise on the improvement of both capacity and efficiency in commercial properties operation. On one hand, by researching into the economy, industry, business, market, and customers of a city where the commercial property is located, the Group will optimise the project positioning and customer structure. The Group will continue to enhance the rental rate and the occupancy rate and hence help raise the value of the commercial properties through increasing its operational capability of commercial properties. On the other hand, the Group will comprehensively improve the competitiveness of commercial properties, optimise commercial types and provide quality products for customers. At the same time, the Group will proactively explore asset-light management and operation model, thus develop commercial property business into an important "stabiliser" and core competitive edge of the Group

Ensuring Financial Prudence and Security

Due to the external economic fluctuations and risks in liquidity, interest rate and foreign exchange rate arising from uncertainties of the market environment, the Group will strengthen the overall management of capital and focus on accelerating sales and cash collection and continue to enhance efficiency of capital utilisation. Moreover, the Group will make full use of all kinds of financial instruments including the extensive use of onshore and offshore funding channels to continuously optimise the capital management, reduce the funding costs and optimise the debt structure, thereby managing exchange rate risk. Meanwhile, the Group shall further strengthen the function of risk control, improve the financial risk monitoring system, and enhance the risk alert and control.

Steadily Develop New Businesses

The Group will steadily develop the new businesses. Concerning the general health industry, the Group will use the elderly care business as the major base, integrate upstream and downstream resources, establish its products, services, brands and teams with excellent quality and achieve stable growth of general health business. For the operated projects, the Group will focus on enhancing the services quality and customer satisfaction, optimising the standardised operating system of the elderly-care business and striving to improve operational efficiency. Meanwhile, the Group will steadily develop new projects, integrate premium domestic and foreign resources of medical service and elderly care, and create a multi-faceted and multi-levels model with combination of medical care and elderly care. Concerning the long-term leasing business, the Group will speed up the leasing business through multi-platforms, multi-channels and multi-dimension, and improve the ability in project expansion, cost control, operation and team organisation. It will also focus on advancing the asset-light strategy of long-term rental apartment to boost steady business development. In addition to developing the "Properties+" business, the Group will steadily promote businesses such as "+ industries", "+towns" and combine premium educational resources of the Greater Bay Area to support the business development of "+ education".

ACKNOWLEDGEMENT

The year 2020 marks the accomplishment of the strategic planning of "13th Five-Year" for the Group. Control policy direction of the property market is clear with focus an stability. Pursuing the aim of achieving high-quality and steady development, the Group will endeavour to realise stable growth in various businesses and operating results on a continuous basis with firm confidence and hard work. Meanwhile the Group will constantly strive to improve the rate of return on capital of shareholders and shareholders' value. With respect to the Group's achievement in remarkable results and development of various businesses, I would like to take this opportunity to extend my gratitude to the Board of Directors for their proper leadership and all our staff for their relentless endeavors, as well as to express my deepest appreciation to our shareholders, our customers and business partners for their full trust and dedicated support.

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE AND GROSS PROFIT

In 2019, the Group realised revenue of approximately RMB38.34 billion (2018: RMB26.43 billion), representing a year-on-year increase of 45.0%. The gross profit was approximately RMB13.12 billion (2018: RMB8.39 billion), representing a year-on-year increase of 56.3%. and the gross profit margin reached approximately 34.2%, representing a year-on-year increase of 2.4 percentage points.

PROFIT ATTRIBUTABLE TO EQUITY HOLDERS

In 2019, profit attributable to equity holders of the Group was approximately RMB3.48 billion (2018: RMB2.73 billion), representing a year-on-year increase of 27.7%. The core net profit was approximately RMB3.51 billion (2018: RMB2.81 billion), representing a year-on-year increase of 24.8% and core net profit margin was approximately 9.2%.

CONTRACTED SALES

In 2019, the value of the aggregate contracted sales (including contracted sales by joint venture projects) of the Group was approximately RMB72.11 billion, representing a year-on-year increase of 24.8% and accounted for 106.0% of the full year contracted sales target of RMB68.0 billion. The GFA of the aggregate contracted sales (including contracted sales by joint venture projects) was approximately 3.49 million sq.m., representing a year-on-year increase of 26.1%. The average selling price was approximately RMB20,700 per sq.m., flat on a year-on-year basis.

In terms of regional composition, with respect to the value of the aggregate contracted sales for 2019, the Greater Bay Area accounted for approximately 58.5%, Eastern China Region accounted for approximately 23.4%, Central China Region accounted for approximately 9.9%, Northern China Region accounted for approximately 7.8%, and Western China Region accounted for approximately 0.4%.

Greater Bay Area

The Group has already established operations in six cities including Guangzhou, Shenzhen, Hong Kong, Foshan, Jiangmen and Zhongshan, within the Greater Bay Area. In 2019, with the official launch of the outline plan for Guangdong-Hong Kong-Macao Greater Bay Area, a number of policy optimizations was implemented in various cities in the Greater Bay, and the property market in those cities continued to develop steadily.

In the second half of 2019, regulation and control policies of the property market in Guangzhou were moderately relaxed, and both the sales value and volume of commodity residential housing in Guangzhou recorded year-on-year growths. The Group actively seized market opportunities to continuously strengthen its leading position in the property market of Guangzhou. In 2019, the contracted sales value of the Group in Guangzhou amounted to approximately RMB36.60 billion, representing a year-on-year increase of 21.2% while the average selling price was approximately RMB26,700 per sq.m., representing a year-on-year decrease of 7.6%.

Nansha District of Guangzhou, driven by the favorable policies and talent policies of the national free trade zone, remained active in property transactions in the property market. Based on the market developments, the Group further deepened its participation in Nanshan District. In 2019, the contracted sales value of the Group in Nansha amounted to approximately RMB10.52 billion, representing a year-on-year increase of 26.8%, while the average selling price was approximately RMB20,900 per sq.m., representing a year-on-year increase of 12.4%.

In line with the "Three Stabilities" basic policy of property market, the property market of Foshan, Zhongshan and Jiangmen in 2019 was steady overall, with the average selling price maintaining steady increase. In 2019, the contracted sales value of the Group in these three cities amounted to approximately RMB5.54 billion, representing a year-on-year increase of 24.2%, while the average selling price was approximately RMB14,600 per sq.m., representing a year-on-year increase of 36.4%.

Eastern China Region

The Group has already had business layout in three cities including Hangzhou, Suzhou, and Jiaxing within the Eastern China Region. Among them, Hangzhou and Suzhou, the key sales cities, still implemented stringent tightening policies on the property market in 2019, and the overall volume of transactions and the average selling price remained steady. In 2019, the contracted sales value of the Group in the Eastern China Region amounted to approximately RMB16.88 billion, representing a year-on-year increase of 31.5%, while the average selling price was approximately RMB22,100 per sq.m. representing a year-on-year increase of 5.2%.

Central China Region

In 2019, the Group's key cities for sales within Central China Region were Wuhan and Xiangyang. Regarding the benefits brought by the optimization of control measures, the overall volume of transactions in Wuhan and Xiangyang recorded a certain increase in 2019. In 2019, the contracted sales value of the Group in Central China Region amounted to approximately RMB7.17 billion, representing a year-on-year increase of 16.2%, while the average selling price was approximately RMB12,200 per sq.m., representing a year-on-year decrease of 34.4%.

Northern China Region

The Group has had business layout four cities in the Northern China Region including Shenyang, Qingdao, Ji'nan and Yantai. In 2019, the property market in the major sales cities of Shenyang, Ji'nan and Qingdao remained stable with steady rise in transaction price due to price stabilising policies. However, the property market of Yantai in 2019 tended to be rational with decreasing transaction volume overall due to stringent price control. In 2019, the contracted sales value of the Group in Northern China Region amounted to approximately RMB5.62 billion, representing a year-on-year increase of 36.8%, while the average selling price was approximately RMB16,000 per sq.m., representing a year-on-year increase of 40.4%.

Western China Region

The Group entered into Chengdu market for the first time and generated sales in 2019. Chengdu was selected as the pilot city of "One City, One Strategy" in 2019. The purchase and price restriction policies were relaxed, and the average selling price rose steadily, but the transaction volume recorded a slight decline. In 2019, the contracted sales value of the Group in Chendou amounted to approximately RMB0.30 billion, while the average selling price was approximately RMB7,700 per sq.m..

Contracted sales are summarised as follows:

No.	**Project**	**GFA** *(sq.m.)*	**Value** *(RMB million)*	**ASP** *(RMB/sq.m.)*
1	Guangzhou Starry Haizhu Bay	83,400	2,979	35,700
2	Guangzhou Greenland Yuexiu Haiyue	22,300	1,156	51,800
3	Guangzhou Joy Bay	6,000	422	70,300
4	Guangzhou Starry Sky City	60,000	2,418	40,300
5	Guangzhou Purple Cloud Mansion	49,600	1,995	40,200
6	Guangzhou Park Avenue	76,600	3,756	49,000
7	Guangzhou Cullinan	37,500	1,550	41,300
8	Guangzhou Yue Infinity	9,900	321	32,400
9	Guangzhou Zhilian Automobile Town	152,300	2,549	16,700
10	Guangzhou Yue Melody	42,500	1,528	36,000
11	Guangzhou Yuexiu Poly Aite City	82,900	1,690	20,400
12	Nansha Southern Le Sand	118,300	2,582	21,800
13	Nansha Binhai New Town	281,900	5,274	18,700
14	Nansha Yuexiu East Hillside	67,100	1,642	24,500
15	Nansha Tianyu Square (previous name: Nansha Jinling North Land)	14,800	374	25,300

No.	Project	GFA *(sq.m.)*	Value *(RMB million)*	ASP *(RMB/sq.m.)*
16	Nansha Joy Bay	8,800	278	31,600
17	Nansha The Willow Shores	11,600	367	31.600
18	Huadu Elegant Mansion	16,300	495	30,400
19	Huadu Magnificent Mansion	33,500	941	28,100
20	Huadu Royal Mansion	28,600	729	25,500
21	Guangzhou Yue Galaxy	126,300	3,227	25,600
22	Conghua Glade Village (previous name: Conghua Jiangpu Jiulibu Land)	700	11	15,700
23	Nanhai Starry Mansion	91,800	2,382	25,900
24	Foshan Lingnan Junting	21,900	262	12,000
25	Foshan Longfor Yuexiu Cloud	13,500	352	26,100
26	Jiangmen Starry Regal Court	65,400	496	7,600
27	Jiangmen Xijiang Mansion	6,500	71	10,900
28	Jiangmen Xijiang Joy Mansion	9,800	96	9,800
29	Jiangmen Yuexiu Binjiang Glorious City	83,500	1,021	12,200
30	Jiangmen Man Wah Mansion	41,200	390	9,500
31	Jiangmen Yuexiu Binjiang Enjoy City	6,400	64	10,000
32	Jiangmen Yuexiu Binjiang Grand City	9,600	107	11,100
33	Zhongshan Starry Peakfield	29,800	302	10,100
	Other projects	40,300	317	7,900
	Subtotal (Greater Bay Area)	**1,750,600**	**42,144**	**24,100**
34	Hangzhou Starry City	233,500	3,953	16,900
35	Hangzhou Garden 1872	58,000	2,317	39,900
36	Hangzhou Joy Bay	80,900	3,222	39,800
37	Hangzhou Lake & Mountain	92,500	1,554	16,800
38	Hangzhou Joy Mountain	42,700	884	20,700
39	Hangzhou Impressive City (previous name: Hangzhou Lin’an Jinnan New City Land)	7,700	126	16,400

No.	Project	GFA *(sq.m.)*	Value *(RMB million)*	ASP *(RMB/sq.m.)*
40	Suzhou YueFu Mansion	84,300	2,097	24,900
41	Suzhou Joy Bay	36,000	809	22,500
42	Suzhou Taicang Never Land	121,100	1,867	15,400
43	Kunshan Paradiso Pavilion	6,300	50	7,900
	Subtotal (Eastern China Region)	**763,000**	**16,879**	**22,100**
44	Wuhan International Financial City	61,400	1,567	25,500
45	Wuhan Starry Emperor	4,700	57	12,100
46	Wuhan Hanyang Starry Winking	61,800	1,492	24,100
47	Wuhan Joy Mansion	49,600	436	8,800
48	Wuhan Elice Mansion	32,500	290	8,900
49	Wuhan Yuexiu Paradiso Garden	50,000	596	11,900
50	Wuhan Mansion	21,600	282	13,100
51	Xiangyang Starry City	297,900	2,356	7,900
52	Changsha Yue Lake Stage	6,500	94	14,500
	Subtotal (Central China Region)	**586,000**	**7,170**	**12,200**
53	Shenyang Starry Winking	187,900	3,620	19,300
54	Shenyang Hill Lake	17,900	156	8,700
55	Shenyang Starry Blue Sea	1,900	20	10,500
56	Qingdao Starry Blue Bay	8,000	51	6,400
57	Qingdao Jiaozhou Platinum Mansion	20,100	290	14,400
58	Qingdao Magnificent Bay	17,100	338	19,800
59	Qingdao Starry City (previous name: Qingdao Chengyang Shangma Land)	26,000	240	9,200
60	Ji'nan Baimai Delighted Mansion	46,400	481	10,400
61	Ji'nan Art Living	26,200	421	16,100
	Subtotal (Northern China Region)	**351,500**	**5,617**	**16,000**
62	Chengdu Glorious Mansion	39,400	304	7,700
	Subtotal (Western China Region)	**39,400**	**304**	**7,700**
	Total	**3,490,500**	**72,114**	**20,700**

RECOGNISED SALES

In 2019, the value of the recognised sales and GFA of the recognised sales were approximately RMB36.20 billion and 1.61 million sq.m., representing a year-on-year increase of 48.4% and decrease of 6.0%, respectively, and the average selling price was approximately RMB22,500 per sq.m..

Recognised sales are summarised as follows:

No.	Project	GFA *(sq.m.)*	Value *(RMB million)*	ASP *(RMB/sq.m.)*
1	Guangzhou Starry Cullinan	3,000	191	63,700
2	Guangzhou Starry Winking	700	21	30,000
3	Guangzhou Fortune Century Square	900	70	77,800
4	Guangzhou Starry Haizhu Bay	207,000	9,414	45,500
5	Guangzhou Greenland Yuexiu Haiyue	137,400	5,770	42,000
6	Guangzhou Starry Golden Sands	5,300	95	17,900
7	Guangzhou Starry Sky City	43,300	1,685	38,900
8	Guangzhou Starry Wenhua	1,100	34	30,900
9	Guangzhou Paradiso Riverside	4,300	59	13,700
10	Guangzhou Lingnan Hillside	900	10	11,100
11	Guangzhou Lingnan Villas	4,000	32	8,000
12	Nansha Southern Le Sand	123,600	2,459	19,900
13	Nansha Binhai New Town	213,100	3,401	16,000
14	Nansha Yuexiu East Hillside	29,000	623	21,500
15	Nanhai Starry Winking	5,300	85	16,000
16	Foshan Lingnan Junting	13,700	193	14,100
17	Foshan Paradiso Power	5,800	71	12,200
18	Jiangmen Starry Regal Court	33,800	257	7,600
19	Jiangmen Xijiang Joy Mansion	34,600	299	8,600
20	Jiangmen Starry Mountain	14,600	166	11,400
21	Heshan Starry Regal Court	58,300	456	7,800

No.	Project	GFA *(sq.m.)*	Value *(RMB million)*	ASP *(RMB/sq.m.)*
22	Zhongshan Starry Peakfield	124,600	1,348	10,800
23	Zhongshan Paradiso Jadin	3,300	23	7,000
	Other projects	11,400	227	19,900
	Subtotal (Greater Bay Area)	**1,079,000**	**26,989**	**25,000**
24	Hangzhou Starry City	224,800	2,911	12,900
25	Hangzhou Joy Bay	86,900	2,961	34,100
26	Hangzhou Qinaili Lane	1,800	68	37,800
27	Suzhou Paradiso Pavilion	2,600	11	4,200
	Subtotal (Eastern China Region)	**316,100**	**5,951**	**18,800**
28	Wuhan International Financial City	20,600	1,372	66,600
29	Wuhan Starry Emperor	7,300	94	12,900
30	Wuhan Starry Mountain	6,200	260	41,900
31	Wuhan Yuexiu Paradiso Garden	52,800	560	10,600
	Subtotal (Central China Region)	**86,900**	**2,286**	**26,300**
32	Shenyang Starry Winking	6,100	99	16,200
33	Shenyang Hill Lake	7,400	60	8,100
34	Shenyang Starry Blue Sea	5,200	28	5,400
35	Yantai Starry Golden Sands	36,700	213	5,800
36	Yantai Starry Phoenix	2,300	16	6,900
37	Qingdao Starry Blue Bay	13,200	130	9,800
38	Qingdao Elegant Mansion	54,100	428	7,900
	Subtotal (Northern China Region)	**125,000**	**974**	**7,800**
	Total	**1,607,000**	**36,200**	**22,500**

UNRECOGNISED SALES

As at the end of 2019, the value of the unrecognised sales amounted to approximately RMB88.55 billion, and GFA of the unrecognised sales was approximately 4.39 million sq.m.. The average selling price was approximately RMB20,200 per sq.m..

LANDBANK

In 2019, the Group has newly acquired 27 land parcels mainly located in Guangzhou, Shenzhen, Zhongshan, Jiangmen, Hangzhou, Suzhou, Jiaxing, Zhengzhou, Changsha, Qingdao, and Chendou, with total GFA of approximately 7.71 million sq.m.. In terms of the attributable interest to the Group, the total GFA was approximately 5.21 million sq.m..

In 2019, land parcels newly acquired are summarised as follows:

No.	**Project**	**Equity holding**	**Total GFA** *(sq.m.)*
1	Guangzhou Zhilian Automobile Town Project II	21.48%	315,100
2	Guangzhou Southern Intelligent Media Tower Project	48.69%	160,900
3	Nansha The Willow Shores	38.23%	140,500
4	Nansha China Resources Yuexiu Mansion	47.50%	147,000
5	Conghua Glade Village (previous name: Conghua Jiangpu Street Jiuli Land)	95.00%	213,600
6	Zengcheng Joy Mountain (previous name: Zengcheng Zhongxin Sanjing Land)	38.19%	94,700
7	Guangzhou Yue Galaxy	82.11%	1,355,300
8	Guangzhou Yue Melody	48.69%	911,900
9	Guangzhou Yue Infinity	48.69%	878,600
10	Shenzhen Majestic Mansion (previous name: Shenzhen Bao'an Jiangangshan Land)	9.55%	169,300
11	Zhongshan West District Caihong Land	95.00%	230,100
12	Jiangmen Man Wah Mansion	48.45%	83,000
13	Jiangmen Yuexiu Binjiang Enjoy City	47.50%	101,400

No.	Project	Equity holding	Total GFA
			(sq.m.)
14	Jiangmen Yuexiu Binjiang Grand City	47.50%	164,500
15	Hangzhou Impressive City (previous name: Hangzhou Lin'an Jinnan New City Land)	100.00%	319,000
16	Hangzhou Yuexiu Present (previous name: Hangzhou Jianggan Niutian Land II)	95.00%	46,500
17	Hangzhou Manyun Mansion (previous name: Hangzhou Lin'an Binhu New City Land)	95.00%	75,200
18	Suzhou Xiangcheng Changwang Land	45.60%	142,200
19	Jiaxing Nanhu Yuxin Land	52.25%	224,300
20	Zhengzhou Elegant Mansion	95.00%	137,900
21	Changsha Yue Lake Stage	95.00%	130,600
22	Changsha Qinaili Lane	95.00%	132,400
23	Changsha Starry City	95.00%	714,200
24	Qingdao Starry City (previous name: Qingdao Chengyang Shangma Land)	100.00%	403,700
25	Qingdao Yue Mansion	100.00%	50,800
26	Chengdu Glorious Mansion	42.75%	296,900
27	Chengdu Qinaili Lane (previous name: Chengdu Qingbaijiang Land)	95.00%	66,200
	Total		**7,705,800**

As at the end of 2019, the landbank of the Group reached approximately 23.87 million sq.m. with a total of 74 projects in 19 cities in China and the regional layout continued to improve. In terms of regional composition, Greater Bay Area accounted for approximately 51.7%, Eastern China Region accounted for approximately 15.8%, Central China Region accounted for approximately 18.9%, Northern China Region accounted for approximately 11.7%, Western China Region accounted for approximately 1.5% and other regions accounted for approximately 0.4%.

Landbank is summarised as follows:

No.	Project	Landbank GFA *(sq.m.)*	PUD GFA *(sq.m.)*	PFD GFA *(sq.m.)*
1	Asia Pacific Century Plaza	229,400	229,400	—
2	Guangzhou Starry Haizhu Bay	394,600	190,800	203,800
3	Guangzhou Joy Bay	154,600	154,600	—
4	Guangzhou Starry Sky City	574,200	574,200	—
5	Guangzhou Park Avenue	272,300	272,300	—
6	Guangzhou Cullinan	382,100	382,100	—
7	Guangzhou Yue Infinity	878,600	70,700	807,900
8	Guangzhou Panyu GAC Automobile Town	833,400	833,400	—
9	Guangzhou Southern Intelligent Media Tower Project	160,900	160,900	—
10	Guangzhou Yue Melody	911,900	533,900	378,000
11	Guangzhou Yuexiu Poly Aite City	162,000	162,000	—
12	Nansha Southern Le Sand	864,300	447,200	417,100
13	Nansha Binhai New Town	701,300	695,200	6,100
14	Nansha Yuexiu East Hillside	123,900	123,900	—
15	Nansha Tianyu Square (previous name: Nansha Jinling North Land)	134,500	134,500	—
16	Nansha International Financial Center (previous name: Nansha Lingshan Island Land I)	220,800	220,800	—
17	Nansha Joy Bay	410,100	174,100	236,000
18	Nansha Jinmao Bay	130,200	130,200	—
19	Nansha The Willow Shores	140,500	140,500	—
20	Nansha China Resources Yuexiu Mansion	147,000	147,000	—

No.	Project	Landbank GFA *(sq.m.)*	PUD GFA *(sq.m.)*	PFD GFA *(sq.m.)*
21	Huadu Elegant Mansion	222,600	222,600	—
22	Huadu Magnificent Mansion	296,100	296,100	—
23	Huadu Royal Mansion	187,100	187,100	—
24	Guangzhou Yue Galaxy	1,355,300	530,100	825,200
25	Zengcheng Joy Mountain (previous name： Zengcheng Zhongxin Sanjing Land)	94,700	94,700	—
26	Conghua Glade Village (previous name: Conghua Jiangpu Street Jiuli Land)	213,600	136,100	77,500
27	Shenzhen Majestic Mansion (previous name: Shenzhen Bao'an Jiangangshan Land)	169,300	169,300	—
28	Nanhai Starry Mansion	567,300	436,500	130,800
29	Foshan Lingnan Junting	17,600	17,600	—
30	Foshan Longfor Yuexiu Cloud	76,300	76,300	—
31	Jiangmen Yuexiu Binjiang Glorious City	350,100	350,100	—
32	Jiangmen Man Wah Mansion	83,000	83,000	—
33	Jiangmen Yuexiu Binjiang Enjoy City	101,400	101,400	—
34	Jiangmen Yuexiu Binjiang Grand City	164,500	164,500	—
35	Heshan Starry Regal Court	264,900	264,900	—
36	Zhongshan West District Caihong Land	230,100	230,100	—
37	Hong Kong Yau Tong Project	72,100	—	72,100
	Other projects	50,100	8,900	41,200
	Subtotal (Greater Bay Area)	**12,342,700**	**9,147,000**	**3,195,700**
38	Hangzhou Starry City	901,800	435,800	466,000
39	Hangzhou Garden 1872	230,300	230,300	—
40	Hangzhou Joy Bay	173,500	173,500	—
41	Hangzhou Lake & Mountain	224,800	224,800	—
42	Hangzhou Joy Mountain	225,000	225,000	—
43	Hangzhou Impressive City (previous name: Hangzhou Lin'an Jinnan New City Land)	319,000	319,000	—

No.	Project	Landbank GFA *(sq.m.)*	PUD GFA *(sq.m.)*	PFD GFA *(sq.m.)*
44	Hangzhou Yue Present (previous name: Hangzhou Jianggan Niutian Land II)	46,500	46,500	—
45	Hangzhou Manyun Mansion (previous name: Hangzhou Lin'an Binhu New City Land)	75,200	75,200	—
46	Suzhou YueFu Mansion	210,400	210,400	—
47	Suzhou Joy Bay	116,300	116,300	—
48	Suzhou Taicang Never Land	866,700	240,500	626,200
49	Suzhou Xiangcheng Changwang Land	142,200	—	142,200
50	Jiaxing Nanhu Yuxin Land	224,300	—	224,300
	Subtotal (Eastern China Region)	**3,756,000**	**2,297,300**	**1,458,700**
51	Wuhan International Financial City	573,100	573,100	—
52	Wuhan Hanyang Starry Winking	1,143,500	866,400	277,100
53	Wuhan Yuexiu Paradiso Mansion	42,200	42,200	—
54	Wuhan Joy Mansion	97,400	97,400	—
55	Wuhan Elite Mansion	78,000	78,000	—
56	Wuhan Yuexiu Paradiso Garden	143,300	143,300	—
57	Wuhan Mansion	231,500	231,500	—
58	Xiangyang Starry City	1,078,000	694,000	384,000
59	Zhengzhou Elegant Mansion	137,900	137,900	—
60	Changsha Yue Lake Stage	130,600	130,600	—
61	Changsha Qinaili Lane	132,400	132,400	—
62	Changsha Starry City	714,200	—	714,200
	Subtotal (Central China Region)	**4,502,100**	**3,126,800**	**1,375,300**
63	Shenyang Starry Winking	371,400	353,000	18,400
64	Shenyang Hill Lake	270,200	—	270,200
65	Qingdao Magnificent Bay	213,300	175,800	37,500
66	Qingdao Licang Qingyin Highway East Land	666,300	—	666,300
67	Qingdao Jiaozhou Platinum Mansion	209,100	209,100	—
68	Qingdao Yue Mansion	50,800	—	50,800

No.	Project	Landbank GFA *(sq.m.)*	PUD GFA *(sq.m.)*	PFD GFA *(sq.m.)*
69	Qingdao Starry City (previous name: Qingdao Chengyang Shangma Land)	403,700	176,900	226,800
70	Ji'nan Baimai Delighted Mansion	565,400	565,400	—
71	Ji'nan Art Living	52,600	52,600	—
	Subtotal (Northern China Region)	**2,802,800**	**1,532,800**	**1,270,000**
72	Chengdu Glorious Mansion	296,900	296,900	—
73	Chengdu Qinaili Lane (previous name: Chengdu Qingbaijiang Land)	66,200	66,200	—
	Subtotal (Western China Region)	**363,100**	**363,100**	**—**
74	Haikou Simapo Island Project	100,500	—	100,500
	Total	**23,867,200**	**16,467,000**	**7,400,200**

Construction progress

The Group strived to accelerate development efficiency and turnover rate. During the year, project development, new commencement of construction and completion were in line with the Group's schedule.

New commencement of construction and completion projects are summarized as follows:

Construction progress	**2019 Actual GFA** *(sq.m.)*	**2020 Planned GFA** *(sq.m.)*
New commencement of construction	6,899,700	6,954,700
Completion	3,040,300	5,511,700

INVESTMENT PROPERTIES

As at 31 December 2019, the Group owned investment properties under lease of approximately 453,000 sq.m. in total, of which offices, commercial properties, car parks and others accounted for approximately 57.3%, 24.8% and 17.9%, respectively. The Group recorded rental revenue of approximately RMB690 million in 2019, representing an increase of 0.7% year on year.

In 2019, the Group recorded net fair value losses on revaluation of investment properties of approximately RMB23 million, flat with the valuation on investment properties at the beginning of the period.

OTHER GAINS, NET

In 2019, the Group's other gains, net amounted to approximately RMB799 million, representing a decrease of 23.1% on a year-on-year basis. Other gains, net for the year of 2019 mainly included remeasurement gains on interests in a joint venture before tax of approximately RMB766 million.

SELLING AND MARKETING COSTS

In 2019, the Group's selling and marketing costs were approximately RMB1.00 billion, representing an increase of 53.7% year on year, mainly due to the increase of the revenue carried forward during the period. Selling and marketing cost accounted for 2.6% of the revenue for the year, which was in line with that of last year.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses amounted to approximately RMB1.23 billion, representing an increase of 18.1% year on year. The administrative expenses accounted for 3.2% of the operating revenue for the year, down by 0.8 percentage point from 4.0% for last year. The Group continued to strengthen control over expenses and strictly followed the annual expenses budget.

FINANCE COSTS

The finance costs of the Group amounted to approximately RMB1.16 billion, representing an decrease of 42.0% from RMB2.00 billion for 2018. The decrease was mainly due to the improvement in the overall construction turnover rate of the Group's projects during the year, which led an increase of interest on capitalization by 55%.

SHARE OF PROFIT FROM ASSOCIATED ENTITIES

In 2019, the overall net contribution from associated entities attributable to the Group was approximately RMB486 million, representing an increase of 8.9% on a year-on-year basis, which was mainly due to the profit contribution from Yuexiu Real Estate Investment Trust ("Yuexiu REIT").

In 2019, the total distributable amount of Yuexiu REIT amounted to approximately RMB761 million, representing a decrease of 10.4% on a year-on-year basis, and the cash distribution attributable to the Group amounted to approximately RMB290 million.

BASIC EARNINGS PER SHARE

In 2019, basic earnings per share attributable to the equity holders of the Company (based on the weighted average number of ordinary shares in issue) were RMB0.2410 (2018: RMB0.2200).

FINAL DIVIDEND

The Board has proposed the payment of a final dividend for 2019 of HKD0.049 per share which is equivalent to RMB0.044 per share (2018: HKD0.051 per share which was equivalent to RMB0.044 per share) payable to shareholders whose names appear on the Register of Members of the Company at the close of business on 6 June 2020. Subject to the approval of shareholders at the forthcoming annual general meeting of the Company, the final dividend will be paid on or about 8 July 2020. Together with the interim dividend of HKD0.053 per share which was equivalent to approximately RMB0.047 per share, total dividends for the year ended 31 December 2019 will amount to HKD0.102 per share which is equivalent to approximately RMB0.091 per share.

Dividends payable to shareholders will be paid in Hong Kong dollars. The exchange rate adopted by the Company for its dividend payable is the average middle exchange rate of HKD against RMB announced by the People's Bank of China in the five business days preceding the date of dividend declaration.

LIQUIDITY AND FINANCIAL RESOURCES

Cash receipts from operating activities and committed banking facilities are the Group's main sources of liquidity. The Group has always adhered to prudent financial management principles, emphasised on funding management and risk control, established an ongoing monitoring system to respond to market changes, ensured healthy and adequate liquidity and secured the business development. While continuing to maintain a good relationship with commercial banks in Mainland China and Hong Kong, the Group also explores other funding channels, optimises the capital structure and lowers the funding costs, enhances the ability to protect its resources, and enhances its risk resistance capabilities.

In 2019, the Group obtained new borrowings of approximately RMB37.5 billion, including onshore borrowings of approximately RMB30.0 billion and offshore borrowings of approximately RMB7.5 billion. As at 31 December 2019, total borrowings amounted to approximately RMB71.02 billion (31 December 2018: RMB53.41 billion), cash and cash equivalents and charged bank deposits amounted to approximately RMB30.19 billion, and the net gearing ratio was 74.0%. Borrowings due within one year accounted for approximately 10% of the total borrowings (31 December 2018: 11%); fixed-rate borrowings accounted for approximately 57.7% of the total borrowings (31 December 2018: 57%). The Group's average effective borrowing interest rate for the year increased by 11 bpts to 4.93% per annum from 4.82% per annum for 2018.

As at 31 December 2019, among the Group's total borrowings, approximately 46% was RMB denominated bank borrowings and other borrowings (31 December 2018: 45%), 9% was Hong Kong dollar denominated bank borrowings (31 December 2018: 10%), 21% was Hong Kong dollar and US dollar denominated medium to long term notes (31 December 2018: 25%), 24% was RMB denominated medium to long term notes (31 December 2018: 20%).

WORKING CAPITAL

As at 31 December 2019, the Group's working capital (current assets less current liabilities) amounted to approximately RMB78.14 billion (31 December 2018: approximately RMB61.01 billion). The Group's current ratio (current assets divided by current liabilities) was 1.7 times (31 December 2018: 1.8 times). Cash and cash equivalents amounted to approximately RMB24.11 billion (31 December 2018: RMB21.99 billion). Charged bank deposits amounted to approximately RMB6.08 billion (31 December 2018: RMB5.17 billion). Undrawn committed bank facilities amounted to approximately RMB21.32 billion.

CAPITAL AND FINANCIAL STRUCTURE ANALYSIS

Set out below is a summary of the Group's debts:

	As at	
	31 December 2019	**31 December 2018**
	RMB'000	*RMB'000*
Bank borrowings and notes		
Denominated in RMB	49,621,641	34,657,300
Denominated in HKD	9,583,648	7,144,488
Denominated in USD	11,816,326	11,604,151
Total bank borrowings and notes	71,021,615	53,405,939
Finance lease obligations	—	109
Bank overdrafts	41	57
Total debts	71,021,656	53,406,105

	As at	
	31 December 2019	31 December 2018
	RMB'000	*RMB'000*
Ageing analysis:		
Within one year	7,138,023	5,786,145
In the second year	20,270,167	8,461,171
In the third to fifth year	39,387,355	31,380,146
Beyond five years	4,226,111	7,778,643
Total borrowings	71,021,656	53,406,105
Lease liabilities	678,207	—
Less: Cash and cash equivalents	(24,105,541)	(21,990,512)
Net borrowings	47,594,322	31,415,593
Total equity	55,191,816	42,911,718
Total capitalisation	102,786,138	74,327,311
Gearing ratio	46.3%	42.3%

INTEREST RATE EXPOSURE

The Group's major interest rate exposure is derived from loans and deposits denominated in Renminbi, Hong Kong dollars and US dollars. As of 31 December 2019, among the total borrowings of the Group, approximately 33.1% was floating rate bank loans denominated in Renminbi, approximately 9.2% was floating rate bank loans denominated in Hong Kong dollars, approximately 13.3% was fixed rate bank loans denominated in Renminbi, approximately 23.5% was medium-to-long term fixed rate bonds denominated in Renminbi, approximately 20.9% was medium-to-long term fixed rate notes denominated in US dollars/ Hong Kong dollars, in aggregate, fixed rate borrowings accounted for approximately 57.7% of the total borrowings of the Group.

At present, the ratio of floating-fixed rate borrowings of the Group is relatively reasonable with the overall interest rate risk that is controllable. The Group did not arrange interest-rate hedging instruments during the reporting year. The average borrowings interest rate during the year was approximately 4.93% per annum, increased by 11 basis points from 4.82% per annum for the year of 2018.

With respect to Renminbi borrowing interest rates, the People's Bank of China ("PBOC") has continually cut interest rates and reduced reserve requirement ratios (RRR) since November 2014. The one-year benchmark interest rate dropped from 5.60% to the current level of 4.35%. In the first half of 2018, the actual market interest rate has seen a relatively huge increase as liquidity is tightening in China, and the PBOC reduced RRR for targeted release of liquidity thereafter. Although the RRR reduction and liquidity release was carried out in a full and targeted manner again in the first half of 2019, the actual onshore Renminbi borrowing interest rates has decreased. But there are restrictions and more policy constraints on financing for industries, resulting in a slight increase in the average interest rate on real estate borrowings.

With respect to interest rates on US dollar and Hong Kong dollar borrowings, due to a stable economic growth in the United States, the Federal Reserve has raised interest rates nine times from December 2015 to the end of 2018. The Federal Reserve raised interest rates four times within 2018, with an accumulated increase rate of approximately 1%. Due to the influence intensified by the continuous US-China trade war, Brexit and slow growth in US economy, the Federal Reserve stopped raising interest rates in 2019 and cut them three times, 0.25% each time in July, September and October of 2019. The US Federal Reserve emergently cut 0.5% interest rate as affected by the novel coronavirus. The market expects that the US Federal Reserve may further cut interest rates or implement quantitative easing polices. Hong Kong interest rates remained at a high level due to social events in Hong Kong, the large number of offerings and increased economic uncertainty. The Group expects the offshore US dollar/Hong Kong dollar loan interest rates to maintain the current level or slightly drop. The Group will continue to monitor the changes in onshore and offshore interest rates, adjust and optimize its debt structure and adopt appropriate financial instruments to manage its interest rate risk exposure in a timely manner.

FOREIGN EXCHANGE RISK

Since the main business operations of the Group are conducted in Mainland China, its income and assets are primarily in Renminbi. The Group has foreign currency denominated financing and is thus exposed to foreign exchange risk. Since 2016, the Group has actively adopted various measures to manage the foreign exchange exposure. As at 31 December 2019, approximately 30% (35% at the beginning of the year) of the total borrowings of the Group was borrowings denominated in foreign currencies, among which, approximately HKD7.32 billion (equivalent to approximately RMB6.56 billion) was bank borrowings denominated in Hong Kong dollar, approximately USD1.70 billion (equivalent to approximately RMB11.82 billion) was medium-to-long term notes denominated in US dollars, and approximately HKD3.40 billion (equivalent to approximately RMB3.03 billion) was notes denominated in Hong Kong dollars. Hedging products were purchased to manage part of foreign exchange exposures with respect to offshore borrowings (equivalent to RMB9.27 billion).

In 2020, the exchange rate of Renminbi is expected to remain fluctuated due to a mixture of challenges caused by the US-China trade war, the expectation of US interest rate cuts, the slow growth in Chinese economy, and the novel coronavirus outbreak. The Group will continue to keep track of developments in the foreign exchange market, strike a balance between interest rate cost and foreign exchange risk, optimize its debt structure and control its foreign exchange exposure. The Group has used suitable financial instruments at reasonable costs to manage its foreign exchange exposure. The Group is expected to continue to arrange for appropriate products to manage its foreign exchange exposure in 2020.

COMMITMENTS FOR PROPERTY, PLANT AND EQUIPMENT

As at 31 December 2019, the Group's capital commitments in respect of purchases of property, plant, equipment amounted to approximately RMB726 million (31 December 2018: RMB798 million).

CONTINGENT LIABILITIES

The Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with accrued interest and penalty 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. Such guarantees shall terminate upon issuance of the relevant property ownership certificates. As of 31 December 2019, the total contingent liabilities relating to these guarantees amounted to approximately RMB20.09 billion (31 December 2018: RMB13.69 billion).

As at 31 December 2019, certain subsidiaries of the Group provided guarantee up to a limit of approximately RMB2,035 million (31 December 2018: RMB2,130 million) in respect of loans borrowed by joint ventures and associated entities of the Group, among which, guarantee of approximately RMB1,007 million was utilised and guarantee of approximately RMB1,028 million was not utilised yet.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2019, the Group had approximately 10,100 employees (30 June 2019: 8,450 employees). The Group offers its employees reasonable remuneration in accordance with industry practice. Salary increment and promotion of employees are based on performance and achievements. In the meantime, the Group provides employees with other benefits, such as mandatory provident funds, medical insurance, educational allowances and professional training.

CORPORATE GOVERNANCE

Save as disclosed below, the Company has complied with the code provisions as set out in the Corporate Governance Code throughout the year ended 31 December 2019.

Code Provision A.4.1

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. None of the non-executive directors of the Company is appointed for a specific term. However, all the non-executive directors of the Company are subject to retirement by rotation at the general meeting of the Company in accordance with the Company's Articles of Association. All the non-executive directors of the Company had retired by rotation during the past 3 years. They have been re-elected.

REVIEW OF ANNUAL RESULTS

The annual results have been reviewed by the audit committee of the Company. The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2019 have been agreed by the Group's auditors, PricewaterhouseCoopers, to the amounts set out in the Group's draft 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.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 25 May 2020 to Thursday, 28 May 2020, both days inclusive, during which period no transfer of shares will be registered. For the purpose of ascertaining the shareholders' eligibility to participate in the forthcoming annual general meeting of the Company to be held on 28 May 2020, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Friday, 22 May 2020.

In addition, the register of members of the Company will be closed from Thursday, 4 June 2020 to Friday, 5 June 2020, both days inclusive, for the purpose of ascertaining the shareholders' entitlement to the final dividend. In order to qualify for the final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Tricor Abacus Limited, no later than 4:30 p.m. on Wednesday, 3 June 2020.

By order of the Board
Yuexiu Property Company Limited
LIN Zhaoyuan
Chairman

Hong Kong, 10 March 2020

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

Executive Directors:	*LIN Zhaoyuan (Chairman), LIN Feng, LI Feng, CHEN Jing and LIU Yan*
Non-Executive Directors:	*OUYANG Changcheng*
Independent Non-executive Directors:	*YU Lup Fat Joseph, LEE Ka Lun and LAU Hon Chuen Ambrose*