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Jiayuan International Group Limited

佳源國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2768)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

RESULTS HIGHLIGHTS

- The Group recorded contracted sales of approximately RMB28,868 million in 2019 with total sales area of approximately 2,445,666 sq.m., representing an increase of approximately 43% and 37% respectively as compared to 2018.
- The Group's revenue was approximately RMB16,070 million in 2019 as compared to approximately RMB13,616 million in 2018, representing an increase of approximately RMB2,454 million or 18%. The Group's revenue in 2018 was RMB10,459 million in its 2018 annual report (before restatement).
- The Group's gross profit increased by 16% to approximately RMB5,242 million in 2019 as compared to RMB4,504 million in 2018. The Group's gross profit in 2018 was RMB3,306 million in its 2018 annual report (before restatement).
- Gross profit margin of the Group maintained at 33% for the years ended 31 December 2019 and 2018.
- Core net profit of the Group for the year^(Note 1) was approximately RMB2,343 million in 2019, as compared to approximately RMB1,936 million in 2018 representing an increase of 21%. The core net profit of the Group in 2018 was RMB1,463 million in its 2018 final results announcement (before restatement).

Note 1: Core net profit of the Group for the years ended 31 December 2019 and 31 December 2018 exclude fair value change on investment properties, fair value gain upon transfer of inventories of properties to investment properties and their related deferred tax, foreign exchange loss, net, net impairment reversal/(losses) on financial assets, fair value change on financial assets at fair value through profit or loss, fair value change on derivative financial instruments, loss on disposal of financial assets at fair value through profit or loss and gain/(loss) on disposal of subsidiaries and associates.

- Core earnings per share of the Group amounted to RMB59.44 cents in 2019, representing an increase of approximately RMB9.97 cents, increased by 20% as compared to those of RMB49.47 cents in 2018.
- Net profit of the Group for the year amounted to approximately RMB2,460 million in 2019 as compared to RMB2,352 million in 2018, representing an increase of 5%. The Group's net profit in 2018 was RMB1,863 million in its 2018 annual report (before restatement).
- Basic earnings per share of the Group amounted to RMB52.03 cents in 2019.
- Cash and bank balances of the Group^(Note 2) as at 31 December 2019 was RMB8,154 million, representing a year-on-year increase of 22% as compared to RMB6,703 million in 2018.
- Net gearing ratio of the Group^(Note 3) decreased significantly from approximately 145% as at 31 December 2018 to approximately 78% as at 31 December 2019.
- As at 31 December 2019, the Group had land reserves of 14 million sq.m..
- Recommended a final dividend with scrip option of HK11 cents per share (2018 final dividend: HK11 cents per share).
- On 21 January 2019, the Company completed the acquisition of the entire issued share capital of Chuangyuan Holdings Limited (“Chuangyuan”), which is engaged in provision of property management services in the People’s Republic of China (the “PRC”).
- On 8 August 2019, the Company completed the acquisition of the entire issued share capital of Huiyuan Investment Holdings Limited (“Huiyuan”), which is engaged in property development and property investment in the PRC.

Note 2: Cash and bank balances include cash and cash equivalents and restricted/pledged bank deposits.

Note 3: Net gearing ratio was measured by net debt (bank and other borrowings and senior notes (not including derivative financial instruments) net of cash and cash equivalents and restricted/pledged bank deposits) over the total equity.

RESULTS

The board (the “Board”) of directors (the “Directors”) of Jiayuan International Group Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2019 with comparative figures for the year ended 31 December 2018, as follows:

CONSOLIDATED INCOME STATEMENT

	<i>Notes</i>	Year ended 31 December	
		2019	2018
		RMB'000	RMB'000
			(Restated)
Revenue	3	16,070,171	13,616,003
Cost of sales		(10,828,170)	(9,112,135)
Gross profit		5,242,001	4,503,868
Other income	4	308,478	351,707
Other gains and losses	5	(141,399)	(179,135)
Net impairment reversal/(losses) on financial assets		19,942	(94,764)
Fair value change on investment properties		437,238	365,890
Fair value gain upon transfer of inventories of properties to investment properties		–	520,917
Fair value change on financial assets at fair value through profit or loss		(80,378)	12,930
Selling and marketing costs		(303,407)	(358,984)
Administrative expenses		(492,296)	(420,010)
Other expenses		–	(2,266)
Finance costs	6	(282,698)	(293,400)
Share of results of investments accounted for using the equity method		82,056	86,449
Profit before taxation		4,789,537	4,493,202
Income tax expense	7	(2,329,054)	(2,141,018)
Profit for the year		2,460,483	2,352,184
Profit for the year attributable to:			
– Owners of the Company		2,050,664	2,234,821
– Non-controlling interests		409,819	117,363
		2,460,483	2,352,184
Earnings per share attributable to owners of the Company (expressed in RMB cents per share)			
Basic and diluted	10	52.03	57.11

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i> (Restated)
Profit for the year	<u>2,460,483</u>	<u>2,352,184</u>
Other comprehensive income		
<i>Items that may be reclassified to profit or loss:</i>		
– Exchange differences arising on translation of foreign operations	2,511	(6,087)
<i>Items that will not be reclassified to profit or loss:</i>		
– Fair value change on investment in equity instruments at fair value through other comprehensive income	<u>–</u>	<u>2,681</u>
Other comprehensive income for the year, net of tax	<u>2,511</u>	<u>(3,406)</u>
Total comprehensive income for the year	<u>2,462,994</u>	<u>2,348,778</u>
Total comprehensive income attributable to:		
– Owners of the Company	2,053,175	2,233,197
– Non-controlling interests	<u>409,819</u>	<u>115,581</u>
	<u>2,462,994</u>	<u>2,348,778</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	As at 31 December	
		2019	2018
		RMB'000	RMB'000 (Restated)
Non-current assets			
Investment properties		7,841,906	7,571,718
Property and equipment		132,880	133,765
Intangible assets		31,328	1,487
Right-of-use assets		10,694	–
Investments accounted for using the equity method		985,051	245,465
Financial assets at fair value through profit or loss		668,204	80,871
Deposits paid for acquisitions		1,167,684	1,935,423
Deferred tax assets		597,494	559,179
Trade and other receivables	11	124,934	3,909
		11,560,175	10,531,817
Current assets			
Inventories of properties		34,112,077	32,080,889
Trade and other receivables	11	7,177,335	10,131,059
Financial assets at fair value through profit or loss		168,775	707,499
Prepaid income tax		563,705	513,848
Restricted/pledged bank deposits		2,123,101	2,103,123
Cash and cash equivalents		6,030,412	4,599,433
		50,175,405	50,135,851
Total assets		61,735,580	60,667,668
Current liabilities			
Trade and other payables	12	6,395,483	6,162,953
Pre-sale deposits received		19,940,467	17,264,139
Lease liabilities		3,597	–
Current income tax liabilities		4,628,119	3,156,105
Bank and other borrowings	13	4,667,930	7,012,996
Senior notes	14	314,084	4,477,446
		35,949,680	38,073,639
Net current assets		14,225,725	12,062,212
Total assets less current liabilities		25,785,900	22,594,029

	<i>Notes</i>	As at 31 December	
		2019	2018
		<i>RMB'000</i>	<i>RMB'000</i> (Restated)
Non-current liabilities			
Bank and other borrowings	13	7,462,249	7,787,925
Derivative financial instruments		238,387	–
Lease liabilities		7,317	–
Pre-sale deposits received		500,510	647,722
Deferred tax liabilities		779,587	660,139
Senior notes	14	4,960,692	2,735,063
Other payables	12	–	226,500
		<u>13,948,742</u>	<u>12,057,349</u>
Equity attributable to owners of the Company			
Share capital	15	33,870	21,083
Reserves		9,825,610	9,045,432
		<u>9,859,480</u>	<u>9,066,515</u>
Non-controlling interests		<u>1,977,678</u>	<u>1,470,165</u>
Total equity		<u>11,837,158</u>	<u>10,536,680</u>
Total equity and non-current liabilities		<u>25,785,900</u>	<u>22,594,029</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

1 GROUP RESTRUCTURING AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Company was incorporated on 5 May 2015 and registered in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. In March 2016, the Company completed the initial listing of its shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”). Its immediate and ultimate holding company is Mingyuan Group Investment Limited, a company incorporated in the British Virgin Islands (“BVI”) with limited liability. Its ultimate controlling party is Mr. Shum Tin Ching (the “Ultimate Shareholder”).

The address of the Company’s registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands; the principal place of business is located at Room 1403, 9 Queen’s Road Central, Hong Kong. The Company is engaged in investment holding and its subsidiaries (collectively the “Group”) are principally engaged in the property development, property investment and provision of property management services.

These consolidated financial statements for the year ended 31 December 2019 are presented in Renminbi (“RMB”), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 9 March 2020.

Merger accounting for business combination involving entities under common control

On 21 January 2019, the Company completed the acquisition of the entire issued share capital of Chuangyuan Holdings Limited (“Chuangyuan”), a company incorporated in the BVI, from the Ultimate Shareholder (the “Chuangyuan Acquisition”) in consideration of 50,180,189 new issued ordinary shares of the Company to the Ultimate Shareholder. The principal activities of Chuangyuan and its subsidiaries (“Chuangyuan Group”) are provision of property management services in the PRC. Based on the market value of HKD4.4 per ordinary share of the Company on the completion date, the fair value of the consideration for Chuangyuan Acquisition is HKD220,793,000 (equivalent to RMB188,866,000).

On 26 April 2019, the Company entered into a sale and purchase agreement (as subsequently amended and supplemented) with the Ultimate Shareholder whereby the Company conditionally agreed to acquire 100% equity interest of Huiyuan Investment Holdings Limited (“Huiyuan”) a company incorporated in the BVI, in consideration of 1,377,959,475 new issued ordinary shares of the Company to the Ultimate Shareholder (“Huiyuan Acquisition”). The principal activities of Huiyuan and its subsidiaries (“Huiyuan Group”) are property development and property investment in the PRC. As a condition of Huiyuan Acquisition, Huiyuan Group acquired 82.48% equity interest of Bengbu Mingyuan Real Estate Development Co., Ltd. and 42% equity interest of Lujiang Jiayuan Real Estate Development Co., Ltd. from Zhejiang Jiayuan Real Estate Group Co., Ltd. which is controlled by the Ultimate Shareholder, in aggregate consideration of RMB304,650,000 in April and May 2019, respectively. The consideration of RMB304,650,000 was settled by the balance of other receivables due from the entities controlled by the Ultimate Shareholder in August 2019.

On 8 August 2019, Huiyuan Acquisition was completed. Based on the market value of HKD3.18 per ordinary share of the Company on the completion date, the fair value of the consideration for Huiyuan Acquisition is HKD4,381,911,000 (equivalent to RMB3,914,053,000).

The Company has applied merger accounting to the Chuangyuan Acquisition and Huiyuan Acquisition, being business combinations involving entities under common control, under Accounting Guideline 5 “Merger Accounting for Common Control Combinations” (“AG 5”) issued by the HKICPA. The Group, Chuangyuan Group and Huiyuan Group are regarded as continuing entities.

As a result, the 2018 comparative amounts in the consolidated financial statements are adjusted to present as if the acquired businesses had been combined at the beginning of 2018.

The effect of restatements on the consolidated income statement for the year ended 31 December 2018 is as follows:

	Year ended 31 December 2018 <i>RMB'000</i> (Audited and originally stated)	Chuangyuan Group <i>RMB'000</i>	Huiyuan Group <i>RMB'000</i>	Elimination of intercompany transactions <i>RMB'000</i>	Year ended 31 December 2018 <i>RMB'000</i> (Restated)
Revenue	10,458,841	435,427	2,749,595	(27,860)	13,616,003
Cost of sales	(7,152,499)	(299,848)	(1,659,788)	–	(9,112,135)
Gross profit	3,306,342	135,579	1,089,807	(27,860)	4,503,868
Profit before taxation	3,456,978	96,920	939,304	–	4,493,202
Income tax expense	(1,594,092)	(21,708)	(525,218)	–	(2,141,018)
Profit for the year	1,862,886	75,212	414,086	–	2,352,184
Profit for the year attributable to:					
– Owners of the Company	1,794,430	66,654	373,737	–	2,234,821
– Non-controlling interests	68,456	8,558	40,349	–	117,363
	1,862,886	75,212	414,086	–	2,352,184

The effect of restatements on the consolidated statement of financial position as at 31 December 2018 is as follows:

	31 December 2018 <i>RMB'000</i> (Audited and originally stated)	Chuangyuan Group <i>RMB'000</i>	Huiyuan Group <i>RMB'000</i>	Elimination of intercompany balances <i>RMB'000</i>	31 December 2018 <i>RMB'000</i> (Restated)
Non-current assets	8,606,679	10,995	1,914,143	–	10,531,817
Current assets	38,140,685	376,346	12,218,103	(599,283)	50,135,851
Total assets	46,747,364	387,341	14,132,246	(599,283)	60,667,668
Current liabilities	25,991,882	225,643	12,473,397	(617,283)	38,073,639
Net current assets	12,148,803	150,703	(255,294)	18,000	12,062,212
Total assets less current liabilities	20,755,482	161,698	1,658,849	18,000	22,594,029
Non-current liabilities	11,812,443	186	244,720	–	12,057,349
Equity attributable to owners of the Company	7,679,240	161,512	1,207,763	18,000	9,066,515
Non-controlling interests	1,263,799	–	206,366	–	1,470,165
Total equity	8,943,039	161,512	1,414,129	18,000	10,536,680
Total equity and non-current liabilities	20,755,482	161,698	1,658,849	18,000	22,594,029

The effect of the restatement on the Group's earnings per share for the year ended 31 December 2018 is as follows:

Basic and diluted

	<i>RMB cents</i>
As audited and originally stated	72.21
Adjustments arising from business combination under common control	(15.10)
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Restated	57.11
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2 CHANGES IN ACCOUNTING POLICIES

2.1 New and amended standards adopted by the Group

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

- HKFRS 16 “Leases”;
- Prepayment features with negative compensation – amendments to HKFRS 9;
- Long-term interests in associates and joint ventures – amendments to HKAS 28;
- Annual improvements to HKFRS standards 2015-2017 cycle;
- Plan amendment, curtailment or settlement – amendments to HKAS 19; and
- Uncertainty over income tax treatment – HK (IFRIC) 23;

Except for HKFRS 16, 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. The Group had to change its accounting policies as a result of adopting HKFRS 16. The Group elected to adopt the new rules retrospectively but recognised the cumulative effect of initially applying the new standard on 1 January 2019 (Note 2.3).

2.2 New and amended standards and interpretations not yet adopted

Certain new accounting standards, amendments and interpretations to existing standards have been published that are not effective in current year and have not been early adopted by the Group.

		Effective for the financial year beginning on or after
Amendments to HKFRS 3	Definition of a business	1 January 2020
Amendments to HKAS 1 and HKAS 8	Definition of material	1 January 2020
Conceptual framework for financial reporting 2018	Revised conceptual framework for financial reporting	1 January 2020
HKAS 39, HKFRS 7 and HKFRS 9	Hedge accounting (Amendment)	1 January 2020
HKFRS 17	Insurance contracts	1 January 2021
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The above new standards, amendments and interpretations to existing standards are effective for annual periods beginning 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.

2.3 Change in accounting policies

This note explains the impact of the adoption of HKFRS 16 “Leases” on the Group’s financial statements.

As indicated in Note 2.1 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. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening consolidated statement of financial position on 1 January 2019.

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 of 1 January 2019. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 6.42%.

(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;
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

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

(b) Measurement of lease liabilities

	At 1 January 2019 RMB'000
Operating lease commitments disclosed as at 31 December 2018	1,432
Discounted using the lessee’s incremental borrowing rate of at the date of initial application	1,430
(Less): Recognition exemption – short-term leases	(1,342)
Recognition exemption – low-value assets	(88)
Lease liability recognised as at 1 January 2019	–

The recognised lease liabilities relate to the following types of liabilities:

	31 December 2019 RMB'000	31 December 2018 RMB'000
Current lease liabilities	3,597	–
Non-current lease liabilities	7,317	–
Total lease liabilities	10,914	–

(c) *Measurement of right-of-use assets*

Right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 December 2018.

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

	31 December 2019 RMB'000	31 December 2018 RMB'000
Leased properties	10,694	–

The following table presents the changes of right-of-use assets for the year ended 31 December 2019:

	2019 RMB'000	2018 RMB'000
Balance at 31 December	–	–
Adjustment on adoption of HKFRS 16	–	–
Restated opening balance	–	–
Additions	13,005	–
Depreciation	(2,311)	–
Closing net book amount	10,694	–

(d) *Amounts recognised in the income statement*

The income statement shows the following amounts relating to leases:

	2019 RMB'000
Depreciation charge of right-of-use assets – leased properties	2,311
Interest expense (included in finance cost)	550
Expense relating to short-term leases (included in administrative expenses)	1,342
Expense relating to low-value leases (included in administrative expenses)	88

The total cash outflow for leases in 2019 was RMB4,071,000.

There was no net impact on retained earnings on 1 January 2019.

(e) *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.

3 REVENUE AND SEGMENT INFORMATION

Revenue is stated net of sales related tax and is analysed as follows:

	For the year ended 31 December	
	2019 <i>RMB'000</i>	2018 <i>RMB'000</i> (Restated)
Types of goods and services		
Sales of properties	15,373,501	13,127,092
Property management services	485,778	318,246
Property rental	210,892	76,977
Sales and installation service of software and system equipment	–	89,322
Consulting service	–	4,366
	<hr/>	<hr/>
Total	16,070,171	13,616,003
Revenue is recognised:		
Contracts with customers:		
– At a point in time	15,373,501	13,211,726
– Over time	485,778	327,300
	<hr/>	<hr/>
	15,859,279	13,539,026
Other source: rental income	210,892	76,977
	<hr/>	<hr/>
	16,070,171	13,616,003

Sales of properties by geographical markets

	For the year ended 31 December	
	2019 <i>RMB'000</i>	2018 <i>RMB'000</i> (Restated)
Mainland China	14,062,528	13,127,092
Hong Kong	1,310,973	–
	<hr/>	<hr/>
Total	15,373,501	13,127,092

There was no individual customer contributing over 10% of the total revenue for the years ended 31 December 2019 and 2018.

The Group is principally engaged in property development revenue of which accounted for over 90% of total turnover.

No segment assets and liabilities are presented as they were not provided to the chief operating decision maker for the purpose of resource allocation and performance assessment.

In 2018, the Group identified two reportable segments – Property development and Property investment. During the year, the board of directors reassessed the performance and operation of the Group and concluded that the Group has only one reportable segment – Property development. The other segments are individually and collectively insignificant for segment reporting purpose. As such, no segment information is presented.

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 the PRC and more than 90% of the carrying values of the Group's non-current assets excluding financial instruments and deferred tax assets are situated in the PRC.

4 OTHER INCOME

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i> (Restated)
Interest income on loans receivable	132,597	190,491
Interest income on financial assets at fair value through profit or loss	80,572	63,791
Interest income on bank deposits	79,860	72,196
Government grant	592	1,944
Others	14,857	23,285
	<u>308,478</u>	<u>351,707</u>

5 OTHER GAINS AND LOSSES

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i> (Restated)
Gains on disposal of investment in associates	21,712	–
Fair value change on derivative financial instruments	(55,357)	–
(Losses)/gains on disposals of property and equipment	(5)	115
Losses on disposals of financial assets at fair value through profit or loss	(15,232)	–
Losses on deemed disposal of a subsidiary	(39,709)	–
Foreign exchange losses, net	(61,144)	(167,016)
Others	8,336	(12,234)
	<u>(141,399)</u>	<u>(179,135)</u>

6 FINANCE COSTS

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i> (Restated)
Interest expenses:		
– Bank and other borrowings	1,243,160	1,395,105
– Senior notes	621,541	777,336
– Lease liabilities (<i>Note 2.3</i>)	550	–
	<u>1,865,251</u>	<u>2,172,441</u>
Loss on exchange of senior notes	22,146	–
Less: amounts capitalised on qualifying assets	(1,604,699)	(1,879,041)
	<u>282,698</u>	<u>293,400</u>

Finance costs have been capitalised for investment properties under construction and inventories of properties under development at an average rate of 6.79% (2018: 6.36%) per annum for the year ended 31 December 2019.

7 INCOME TAX EXPENSES

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i> (Restated)
Current income tax		
– Corporate income tax	1,131,003	1,063,579
– Land appreciation tax	1,130,859	1,030,723
	2,261,862	2,094,302
Deferred income tax	67,192	46,716
	2,329,054	2,141,018

No provision for taxation has been recognised for companies incorporated in the Cayman Islands and the BVI as they are not subject to any tax during both years.

Hong Kong profits tax has been provided at the rate of 16.5% (2018:16.5%) on the estimated assessable profits of the Group's subsidiaries in Hong Kong.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

8 PROFIT FOR THE YEAR

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i> (Restated)
Cost of properties held for sale recognised as expenses	10,480,894	8,756,711
Depreciation charge of property and equipment	12,785	14,553
Depreciation charge of right-of-use assets	2,311	–
Employee benefit expense (including directors' emoluments)		
Salaries and other allowances	443,688	313,440
Retirement benefit costs	24,812	20,676
Capitalised in properties under development	(46,270)	(19,215)
	422,230	314,901

9 DIVIDENDS

	2019 RMB'000	2018 <i>RMB'000</i>
Dividends recognised as distribution during the year:		
Final dividend declared for the prior year		
– HKD 11 cents (2018: HKD19 cents) per share	248,054	405,036
Interim dividend		
– HKD nil (2018: HKD10 cents) per share	–	220,250
	248,054	625,286
Final dividend proposed in respect of current year:		
– HKD11 cents (2018: HKD11 cents) per ordinary share	388,962	247,441

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2019 of HKD11 cents (2018: HKD11 cents) per ordinary share, in an aggregate amount of HKD433,868,000, approximately RMB388,962,000, (2018: HKD281,727,000, approximately RMB247,441,000) taking into account 3,944,252,000 (2018: 2,561,151,991) ordinary shares in issue at the reporting date, has been proposed by the Board of Directors and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting. The final dividend proposed after the end of the reporting period will be either payable in cash or in form of new fully paid shares of the Company in respect of part or all of such final dividend at shareholders' option. The final dividend proposed has not been recognised as a liability in these consolidated financial statements.

During the year ended, share scrip alternatives were offered in respect of the dividends declared. These share scrip alternatives were accepted by shareholders, as follows:

	2019		2018	
	HKD'000	<i>Equivalent to RMB'000</i>	<i>HKD'000</i>	<i>Equivalent to RMB'000</i>
Dividends				
– Cash	263,981	232,438	147,901	129,631
– Scrip dividend alternative	17,746	15,616	565,813	495,655
	281,727	248,054	713,714	625,286

10 EARNINGS PER SHARE

(a) Basic earnings per share

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

	2019	2018 (Restated)
Profit for the year attributable to owners of the Company (RMB'000)	<u>2,050,664</u>	<u>2,234,821</u>
Weighted average number of ordinary shares for in issue (in thousands)	<u>3,941,295</u>	<u>3,913,111</u>
Basic earnings per share (RMB cents)	<u>52.03</u>	<u>57.11</u>

(b) Diluted earnings per share

For the years ended 31 December 2019 and 2018, diluted earnings per share equal basic earnings per share as there were no dilutive potential shares in both years.

11 TRADE AND OTHER RECEIVABLES

	31 December 2019 RMB'000	31 December 2018 RMB'000 (Restated)
Trade receivables (a)	321,910	169,791
Other receivables (b)	5,957,013	8,509,584
Prepayments	<u>1,098,000</u>	<u>1,550,214</u>
	7,376,923	10,229,589
Less: loss allowance	<u>(74,654)</u>	<u>(94,621)</u>
	7,302,269	10,134,968
Less: Non-current portion of other receivables (b)	<u>(124,934)</u>	<u>(3,909)</u>
Current portion of trade and other receivables	<u>7,177,335</u>	<u>10,131,059</u>

(a) Details of trade receivables are as follows:

	31 December 2019 RMB'000	31 December 2018 RMB'000 (Restated)
Trade receivables	321,910	169,791
Less: allowance for impairment	(9,401)	(6,936)
Trade receivables – net	<u>312,509</u>	<u>162,855</u>

Trade receivables mainly arise from sales of properties, properties rental and properties management services. Customers are generally granted credit terms of nil to 1 month. The ageing analysis of trade receivables based on property delivery date or invoice date is as follows:

	31 December 2019 RMB'000	31 December 2018 RMB'000 (Restated)
0-60 days	187,875	61,131
61-180 days	83,805	34,156
181-365 days	19,008	52,436
Over 1 year	31,222	22,068
	<u>321,910</u>	<u>169,791</u>

As at December 2019 and 2018, trade receivables were mainly denominated in RMB.

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 31 December 2019, a provision of RMB9,401,000 (2018: RMB6,936,000) was made against the gross amounts of trade receivables.

There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers.

(b) Details of other receivables are as follows:

	31 December 2019 RMB'000	31 December 2018 RMB'000 (Restated)
Advances to related parties (i)	2,225,715	3,479,249
Advances to non-controlling interest	809,626	281,990
Advances to investees for acquisition of land use rights	–	1,543,472
Deposits paid for acquisitions of land use rights	420,000	456,199
Projects related deposits	911,030	847,354
Deposits for trust financing arrangements	146,719	366,711
Other deposits	453,642	275,022
Advance to staff	55,112	49,393
Loans receivable	587,929	705,376
Interest receivable	190,234	164,341
Other receivables	157,006	340,477
	5,957,013	8,509,584
Less: allowance for impairment	(65,253)	(87,685)
	5,891,760	8,421,899
Less: Non-current portion of deposits for trust financing arrangements	(124,934)	(3,909)
Current portion of other receivables – net	5,766,826	8,417,990

(i) The amounts mainly represent advances to joint ventures as at 31 December 2019 and advances to the Ultimate Shareholder by Huiyuan Group as at 31 December 2018.

12 TRADE AND OTHER PAYABLES

	31 December 2019 RMB'000	31 December 2018 RMB'000 (Restated)
Trade payables	3,639,200	3,013,951
Advances from non-controlling interests	729,885	843,830
Business and other taxes payable	514,091	438,479
Other deposits	375,913	505,025
Deposits related to sales of properties	268,363	223,406
Advances from related parties	234,960	682,959
Receipts on behalf of property residents	210,411	103,285
Accrued charges	101,160	239,900
Consideration payable for acquisition of subsidiaries	95,000	97,016
Advance from lessee	–	15,102
Other consideration payables	226,500	226,500
	6,395,483	6,389,453
Less: Non-current portion of other payables	–	(226,500)
Current portion of trade and other payables	6,395,483	6,162,953

Trade payables comprise construction costs and other project-related expenses which are due for payment based on project progress measured by the Group. The average credit period of trade payables is 30 days.

The following is an aged analysis of trade payables, presented based on the invoice date, at the end of the reporting period:

	31 December 2019 RMB'000	31 December 2018 RMB'000 (Restated)
0-60 days	2,152,245	1,214,667
61-180 days	751,103	836,029
181-365 days	298,295	491,048
Over 1 year	437,557	472,207
	3,639,200	3,013,951

13 BANK AND OTHER BORROWINGS

	31 December 2019 RMB'000	31 December 2018 RMB'000 (Restated)
Bank loans	4,060,555	6,646,875
Trust loans	7,703,229	5,831,200
Other loans	366,395	2,322,846
	12,130,179	14,800,921

14 SENIOR NOTES

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Issued in 2017 and due April 2019	–	343,473
Issued in 2017 and due May 2019	–	340,117
Issued in 2018 and due January 2019	–	1,897,271
Issued in 2018 and due January 2019	–	760,433
Issued in 2018 and due October 2019	–	1,136,152
Issued in 2018 and due October 2020	122,533	2,735,063
Issued in 2019 and due May 2022	1,639,014	–
Issued in 2019 and due March 2022	1,848,218	–
Issued in 2019 and due February 2023	1,665,011	–
	5,274,776	7,212,509
Less: amount due within one year shown under current liabilities	(314,084)	(4,477,446)
	4,960,692	2,735,063

15 SHARE CAPITAL

	Number of shares	Nominal value <i>HKD'000</i>	Nominal value <i>RMB'000</i>
Ordinary shares of HKD0.01 each			
Authorised			
At 1 January 2018 and 31 December 2018 and 31 December 2019	<u>10,000,000,000</u>	<u>100,000</u>	
Issued and fully paid			
At 1 January 2018	2,452,000,000	24,520	20,564
Issue of shares upon scrip dividend scheme	39,405,402	394	345
Issue of shares for acquisition of entities under common control	<u>19,566,400</u>	<u>196</u>	<u>174</u>
At 31 December 2018 and 1 January 2019	<u>2,510,971,802</u>	<u>25,110</u>	<u>21,083</u>
Issue of shares for acquisition of Chuangyuan Group	50,180,189	502	434
Issue of shares upon scrip dividend scheme	5,140,695	51	45
Issue of shares for acquisition of Huiyuan Group	<u>1,377,959,475</u>	<u>13,780</u>	<u>12,308</u>
At 31 December 2019	<u>3,944,252,161</u>	<u>39,443</u>	<u>33,870</u>

On 26 March 2019, a scrip dividend scheme was proposed by the Board in relation to the 2018 final dividend, pursuant to which, the shareholders of the Company would receive the final dividend wholly by way of an allotment of and issue of scrip shares unless the shareholders elected to receive the final dividend wholly in cash or partly in cash or partly in scrip shares. This proposal was approved at the annual general meeting of the Company held on 13 June 2019. On 30 July 2019, 5,140,695 shares of HKD0.01 each were allotted and issued at HKD3.452 each to shareholders in respect of the 2018 final dividend under the scrip dividend scheme. The shares issued were amounted to HKD17,746,000 (equivalent to RMB15,616,000).

CHAIRMAN'S STATEMENT

Dear Shareholders,

In 2019, against the backdrop of generally tight real estate policies in the PRC, both stringent and relaxed regulations were implemented with a major keynote of city-specific policies. The national real estate market maintained a stable and progressive trend. With respect to commodity housing, sales area maintained at a high level and sales amount reached another record high.

In response to the fast-changing market environment, the Group proactively carried out a series of internal reforms to increase sales and optimize our capital and debt structure. The Group continued to deliver an encouraging performance in terms of various operating indicators in 2019, which exemplified our strategic efforts of focusing on regional layout to achieve improvement and expansion. Contracted sales and average property selling price of the Group amounted to approximately RMB28.9 billion and RMB11,804 per square meter (“sq. m.”) in 2019 respectively, representing a year-on-year increase of 43% and 5% respectively whereas contracted sales area reached 2,445,666 sq.m. in 2019, representing a year-on-year increase of 37%.

In addition, by adopting a strategy of active expansion and prudent investment during the year 2019, the Group continued to develop on a larger scale. In the second half of 2019, the Group successfully completed the acquisition of the property development projects in Anhui Province from Mr. Shum Tin Ching (“Mr. Shum”), chairman, non-executive Director and ultimate controlling shareholder of the Company, and further acquired new land banks in Jiangsu Province and other regions. The Group also expanded its business footprint and influence in Anhui Province. Besides, the Group has business strategies of further expanding into Southeast Asia along the “Belt and Road” regions, laying a sound foundation for overseas development in the future. So far, the Group has formed a development layout in the Yangtze River Delta Economic Rim, the Guangdong-Hong Kong-Macao Greater Bay Area, the countries and regions along the “Belt and Road” initiative, signifying our progress towards “growing bigger and stronger”.

Prospects

Approaching 2020, objectively speaking, the outbreak of Novel Coronavirus (“COVID-19”) led to a temporary slump in sales in the real estate market. Nevertheless, with the containment and cure of the COVID-19 in the future, the Group believes that the temporarily sluggish market will release its effective power with anticipation that it would fuel a boom in the real estate market.

City-specific policies and two-way control policies will remain the long-term policy keynote for the Chinese real estate market given that the goal of government control is to facilitate the sound development of the real estate market. The Group will continue to abide by its sound and stable development strategies, and adhere to its strategic goal of “growing bigger and stronger”. Capturing the present trends and devoted to developing the Yangtze River Delta Economic Rim, the Guangdong-Hong Kong-Macao Greater Bay Area, the countries and regions along the “Belt and Road” regions, the Group will further raise its own management standard in an effort to achieve high quality development, thereby offering customers quality products which can satisfy their aspirations for a quality life and constantly creating benefits for its shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

I. Market Review

In 2019, in light of the uncertainty of both within and outside the PRC, its economic performance maintained at a reasonable and steady growth. In addition, the economic and trade conflicts between the PRC and the United States have been gradually resolved under a positive growth momentum. PRC local governments implemented different local policies for the real estate industry under the PRC central government's spiritual guidance of "property is for living but not for speculation" and "city-specific policies" and based on the actual local condition to ensure that performance of the real estate market continued to remain stable.

Looking back in 2019, the real estate market in the PRC maintained a steady growth. According to the data from the National Bureau of Statistics, from January to December in 2019, the investment in national property development amounted to approximately RMB13,219 billion, representing a year-on-year increase of approximately 10%. The sold area of commodity properties amounted to approximately 1,716 million sq.m., representing a year-on-year decrease of approximately 0.1%. The sales amount of commodity properties amounted to approximately RMB15,973 billion, representing a year-on-year increase of approximately 7%.

II. Business review

Record High Sales

Taking an overview of 2019, the Group continued to develop by surmounting difficulties and precisely grasping opportunities for development brought by the PRC's continuous economic growth, implementing the development model of "focusing on real estate with diversification". The Group recorded a significant increase in sales. As at 31 December 2019, the contracted sales of the Group amounted to approximately RMB29 billion, representing a year-on-year increase of approximately 43%. Contracted sales area of the Group amounted to approximately 2,445,666 sq.m., representing a year-on-year increase of approximately 37%. The average price of contracted sales amounted to approximately RMB11,804 per sq.m., representing a year-on-year increase of approximately 5%.

National Layout Highlighting Strategic Values

The Group fully understood that land reserves are important foundation for development for property developers. In 2019, the Group ventured into certain key cities with high growth potentials and acquired premium projects in Anhui, Nanjing, Yangzhou and Yancheng with total gross floor area (“GFA”) reaching 5 million sq.m. at a low premium through project merger and acquisition, tender and bidding in the public market and joint development. Besides, in terms of regional development strategy, the Group will continue to strictly follow the “13th Five-Year Plan” of the PRC and maintain its focus on four main areas, namely the Guangdong-Hong Kong-Macao Greater Bay Area, Yangtze River Delta Economic Zone, key provincial capital cities, as well as cities along the “Belt and Road” regions. The Group will continue to focus on development of large-scale residential and commercial complex projects, diversifying businesses and further increasing land values.

Layout of the Guangdong-Hong Kong-Macao Greater Bay Area Taking Shape

The Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area has been issued by the Hong Kong government, stating the intention to build the Greater Bay Area into an international center of technology and innovation. As one of the regions with the best comprehensive strengths and the most vivid economy in the PRC, occupying a land area of 56,000 sq.km. and with a population of more than 70 million, the Greater Bay Area is considered a major driver for global economic growth in the future. In 2016, the Group took the lead in entering city clusters in the Greater Bay Area and has obtained premium land parcels in Hong Kong, Macao, Shenzhen and other cities of Guangdong Province, so as to derive benefits from the economic boom in the Greater Bay Area. As high-end talents keep moving to the region and with increasingly better infrastructure and supporting facilities for daily living, the Group anticipates that the Greater Bay Area will then become a “one-hour high-quality living sphere” where the travelling time among key cities and peripheral cities will be within one hour. There will be immense potential of appreciation in value for properties in the region.

Broadening Financing Channels and Boosting Financial Strengths

The Group strongly believes that solid financial strengths are important pillars of its diversified business development. Therefore, the Group strove to speed up cash recovery from property sales, actively strengthened its control over the degree of leverage and fortified its capital management and expense control abilities during the year 2019, and set up special programs and issued senior notes through various financing channels to optimize debt and capital structure, including the setting up of “Jinyuan – Jiayuan International’s Account Receivables for the Balance Payment of Properties Sold Asset-Backed Special Program” in September 2019 to issue asset-backed securities to eligible investors backed by the account receivables for the remaining payment balance of properties sold, with an issue size of approximately RMB430 million, which were quoted and traded on the Shanghai Stock Exchange; and the public issue of 505 million USD-denominated senior notes due 2022 and 238 million USD-denominated senior notes due 2023.

The Group’s ratio of long-term debts to short-term debts optimized from 5:5 to 7:3, while its net gearing ratio also significantly improved with a decrease to approximately 78%, thereby further boosting the Group’s financial strengths and assisting the Group in exploring more financing channels in the future. In October 2019, Moody’s Investors Service has upgraded the Company’s corporate family rating to “B2” with a stable outlook rating.

Sound Investor Relations and Uplift of Corporate Transparency

In 2019, the Group continued to participate in exchanges and roadshows held by major financial institutions, such as the Interim Strategy Meeting 2019 organised by Industrial Securities (興業證券2019年中期策略會), as well as 2019 Listed Companies Cross Border Roadshow Week (2019上市公司跨境路演周) jointly organised by International Roadshow Center (上市公司跨境路演平台) and SWS Research (申萬宏源研究). Through such interactions, the Group shared its performance and development with domestic and foreign investment banks, rating agencies, investors and analysts and successfully established sound bilateral channels of communication.

Market Recognition for the Group's Overall Performance

In 2019, the Group achieved bright business performance. The Group was awarded with the “Outstanding Listed Companies Award 2019” by the Hong Kong Institute of Financial Analysts and Professional Commentators Limited, the “Listed Company Awards of Excellence 2019 – Main Board (Large Cap)” granted by Hong Kong Economic Journal, and, for the fourth time consecutively, the accolade of “Hong Kong Outstanding Enterprise” awarded by Economic Digest. Meanwhile, a number of the Group's property projects won accolades from various media and organisations, including “Yangzhou Popular Real Estate Award 2019” (2019年揚州人氣樓盤獎) in respect of Yangzhou Jiayuan Jiulong Bay (揚州佳源玖龍灣), the “15th Internet Popularity List of PRC Real Estate – High-quality Influential Property Project” (第十五屆中國房地產網絡人氣榜品質影響力樓盤) in respect of Yangzhou Jiayuan Guifu (揚州佳源桂府) awarded by Fang.com (房天下) and “Jiangsu's Properties with Exemplary Living Environment” (江蘇人居環境典範樓盤) in respect of Taixing Jiayuan Venice Metropolis (泰興佳源威尼斯城) and so forth, which were testimony of the influence of the “Jiayuan” brand in the real estate market in the PRC.

Performance of Corporate Social Responsibilities and Fostering Sustainable Development

With devotion and commitment to the communities in its property projects, the Group performs its corporate social responsibilities to foster the sustainable development of such communities. In 2019, the Group also participated in charitable activities organised by charitable organisations, such as visiting youths and senior citizens in the community organised by the Kwun Tong Methodist Social Service, which conveyed positive energy to and encouraged these youths and senior citizens to face their life with positive attitude. In addition, the Group pushed ahead with green awareness in the community and encouraged staff members to practice low-carbon living, while fully supporting and participating in charity related to sports and culture.

III. Continuous Expansion of Land Bank

Deeply rooted in the Yangtze River Delta Region for many years, the Group took the lead in entering city clusters of the Guangdong-Hong Kong-Macao Greater Bay Area in 2016. The Group acquired various property projects in the core cities of the Greater Bay Area through project merger and acquisition and joint development. Meanwhile, the Group deployed resources to provincial capital cities with strong fundamentals and planned for high-quality projects in areas along the “Belt and Road” regions, with abundant land reserves. As at 31 December 2019, the Group had 63 development projects in total, spanning 19 domestic and foreign cities. The Group has land reserves with a total GFA of approximately 14 million sq.m., covering Yangtze River Delta Region, Anhui Province, city cluster in the Guangdong-Hong Kong-Macao Greater Bay Area, cities along the “Belt and Road” regions and other key provincial capital cities. The Group believes the targeted regions and cities will be enough to meet its development needs for the next three to five years. Hence, the abundant land reserves will provide strong assurance to the continuous growth of the Group’s operating results in the future.

During 2019, the Group acquired two premium projects at a low premium in Nanjing and Yangzhou through tender and bidding in the public market, and joint development. With respect to the introduction of further assets, acquisition by the Group of the property management business personally held by Mr. Shum, was completed in the first half of 2019 and the acquisition of property development projects located in Anhui Province personally held by Mr. Shum was completed in the third quarter of 2019. These asset injections were intended to enhance profitability and further the Group’s business footprint in the city cluster in the Yangtze River Delta Economic Zone. In terms of regional development strategy, the Group will continue to strictly follow the “13th Five-Year Plan” of the PRC and maintain its focus on four main areas; namely, the Guangdong-Hong Kong-Macao Greater Bay Area, Yangtze River Delta Economic Zone, key provincial capital cities, as well as cities along the “Belt and Road” regions, with the aim of further development of large-scale residential and commercial complex projects, diversifying property projects and boosting land values.

IV. Prospects

In 2020, the Group expects that the PRC government will continue to implement different control policies and speed up the establishment of a long-term mechanism for the PRC real estate market to promote its steady and healthy development. However, the county and township dwellers have an ongoing desire to improve their living conditions since urbanisation is far from over. To embrace the challenges and opportunities brought by the change of the market, the Group will continue to strictly implement prudent financial policies and risk control measures, ensure construction quality and labour safety, strengthen its contracted sales and cash collection and apply strict cost control to strengthen operating cash flows and procure investment returns.

The COVID-19 outbreak at the beginning of 2020 had certain impact on the overall economy. Whilst the Group does not have projects in Hubei Province, the nationwide epidemic prevention and control measures adopted by the government has had impact on the Group's sales in February, although the impact will be temporary and limited in the opinion of the Group. The Group has also taken multiple anti-epidemic measures in a timely and effective manner, actively exploring innovative models such as online sales and enhancing management of accounts receivables to adapt to and cope with market changes. From 24 January to 8 February 2020, the Group provided rental reductions for some of its leasable properties, actively supporting the PRC government's epidemic prevention and control to facilitate the anti-epidemic work. The Group attaches high importance to the physical health of property owners and employees and carried out self-protection properly to cement a safety defense line for anti-epidemic for the community. With generous support and strong leadership from the PRC government, the gradual progress in its epidemic prevention and control efforts, relevant relief policies constantly coming into effect and industries resuming operation in an orderly manner, the Group believes the ever-growing trend in the PRC economy will not change. At present, construction and production are gradually resuming at the Group's projects. The Group is fully confident of the long-term development of the real estate market.

In addition, the Group will continue to replenish its premium land bank by adopting pragmatic strategies for land acquisition, optimize the strategic layout of various key regions, and develop competitive and premium properties to suit the different urbanisation stages of the PRC with a view to meeting market demand in different regions. Going forward, while maintaining healthy development, the Group will make flexible adjustments according to market conditions, seeking to achieve continuously high-quality and well-coordinated development for overall uplift of profitability, so as to maximise value for its shareholders.

Property Projects

The Group retains the ownership of certain self-developed commercial properties to generate recurring income. As at 31 December 2019, the Group had investment properties with a total GFA of approximately 2 million sq.m.. Certain portions of these investment properties are located in the integrated commercial complexes developed by the Group, in which the Group will retain control over the central management of the shopping arcades, through third-party property management firms, in order to enable the Group to select tenants and determine industry composition.

Project	Year ended 31 December 2019			Year ended 31 December 2018		
	Contracted sales RMB (million) (unaudited)	Contracted gross floor area ("GFA") (sq.m.)	Contracted average selling price ("ASP") (RMB per sq.m.)	Contracted sales RMB (million) (unaudited)	Contracted gross floor area ("GFA") (sq.m.)	Contracted average selling price ("ASP") (RMB per sq.m.)
1. Nanjing Jiayuan Wuxing Plaza 南京佳源五星廣場	3,822	149,057	25,641	–	–	–
2. Yangzhou Centurial Honour Mansion 揚州世紀天城榮御府	1,935	157,760	12,267	3,055	301,319	10,140
3. Taizhou Venice Metropolis 泰州威尼斯城	1,496	154,977	9,651	2,420	267,548	9,045
4. Anhui Jiayuan Paris Metropolis 安徽佳源巴黎都市	1,350	71,563	18,867	–	–	–
5. Hong Kong projects 香港項目 ⁽¹⁾	1,393	9,614	144,869	295	3,619	81,487
6. Nantong Jiayuan Metropolis 南通佳源都市	1,267	155,228	8,160	1,110	142,115	7,811
7. Urumqi Jiayuan Metropolis 烏魯木齊佳源都市	1,267	130,370	9,715	–	–	–
8. Suqian Paris Metropolis 宿遷巴黎都市	1,524	172,652	8,827	183	26,334	6,949
9. Yangzhou Jiayuan Yurun Huafu 揚州佳源雨潤華府	1,225	93,488	13,103	1,319	109,235	12,079
10. Anhui Jiayuan Xinggangcheng 安徽佳源星港城	1,071	162,012	6,612	–	–	–
11. Yangzhou Jiayuan Yurun Guifu 揚州佳源雨潤桂府	1,068	73,396	14,546	3,141	217,441	14,445
12. Yangzhou Jiayuan Westmount Villa 揚州西峰玖墅	931	52,668	17,681	2,471	167,286	14,770
13. Anhui Jiayuan He County Central City 安徽佳源和縣中央城	854	111,280	7,676	–	–	–
14. Anhui Mingbang Xuefu 安徽名邦學府	734	101,555	7,230	–	–	–
15. Anhui Mengcheng Biguiyuan 安徽蒙城碧桂園	624	87,664	7,118	–	–	–
16. Changzhou Ruiyuan Jiayuan Yue Fu 常州睿源佳源悅府	614	32,562	18,846	–	–	–
17. Changzhou Dexin Junchen Fu 常州德信君宸府	600	17,305	34,701	–	–	–

Project	Year ended 31 December 2019			Year ended 31 December 2018		
	Contracted sales RMB (million) (unaudited)	Contracted gross floor area ("GFA") (sq.m.)	Contracted average selling price ("ASP") (RMB per sq.m.)	Contracted sales RMB (million) (unaudited)	Contracted gross floor area ("GFA") (sq.m.)	Contracted average selling price ("ASP") (RMB per sq.m.)
18. Nanjing Zijin Mansion 南京紫金華府	573	13,856	41,368	352	8,967	39,230
19. Yangzhou Jiayuan Jiulong Bay 揚州佳源玖瓏灣	561	34,417	16,292	–	–	–
20. Anhui Bengbu Oriental Metropolis 安徽蚌埠東方都市	560	66,678	8,403	–	–	–
21. Anhui Fengtai Jiayuan Metropolis 安徽鳳台佳源都市	548	81,017	6,768	–	–	–
22. Anhui Lu'an Jiayuan Hua Fu 安徽六安佳源華府	545	100,025	5,449	–	–	–
23. Shanghai projects 上海項目 ⁽²⁾	680	32,788	20,735	1,107	60,601	18,258
24. Others	3,626	383,734	9,450	4,727	482,744	9,793
Total	28,868	2,445,666	11,804	20,180	1,787,209	11,292

Note 1: Hong Kong projects include One Vista (San Hop Lan) and T-Plus

Note 2: Shanghai projects include Huijing Huating (上海•匯景華庭), Fengcheng Mingdu (上海•奉成名都) and Jiayuan Dream Square (佳源夢想廣場)

Investment Properties

The following table sets out a summary of the Group's investment properties (excluding car parks) as at 31 December 2019:

Project	Total GFA Held for Investment (sq.m.)	Leased GFA (sq.m.)	To be checked Total Rental Income For the year ended 31 December	
			2019 (RMB million)	2018 (RMB million)
Yangzhou				
1. Park Number One 公園一號	721	721	0.3	0.3
2. Jiayuan Centurial Garden 世紀花園	8,653	8,653	1.2	0.9
3. Jiayuan Centurial Scenery Park 佳源世紀景園	915	915	-	-
4. Centurial Honour Mansion 世紀天城榮御府 ⁽¹⁾	4,537	4,537	-	-
5. Jiayuan Centurial City 佳源世紀天城	127,002	99,991	16.4	-
6. Jiayuan Yurun Guifu 佳源雨潤桂府	1,588	1,588	-	-
7. Jiayuan Jiulong Bay 佳源玖龍灣 ⁽¹⁾	24,928	-	-	-
Taizhou				
8. Jiayuan Central Plaza 佳源中心廣場	47,567	47,567	2.4	1.8
9. Venice Metropolis 威尼斯城	101,232	62,221	77.9	-
10. Jiayuan New World 新天地	24,354	24,354	3.4	3.4
11. Qiangxi Garden 羌溪花苑	2,550	2,550	0.5	0.5
12. Jiayuan Mingfu 佳源名府	14,275	14,275	0.5	2.4
13. Oriental Bright City 東方不夜城	34,419	34,419	8.8	5.8
14. Quexiandao Number One 鵲仙島一號	10,428	10,192	2.4	3.0
15. Guxi Jiayuan Central Plaza 古溪佳源中心廣場	37,296	29,842	-	-
Suqian				
16. Rome Metropolis 羅馬都市	43,886	37,534	1.3	3.2
Changzhou				
17. Jiayuan Central Plaza 佳源中心廣場	49,777	49,777	1.7	2.2
Nanjing				
18. Zijin Mansion 紫金華府	55,124	30,575	12.6	-
19. Jiayuan Wuxing Plaza 佳源五星廣場 ⁽¹⁾	20,000	-	-	-

Project	Total GFA Held for Investment (sq.m.)	Leased GFA (sq.m.)	To be checked Total Rental Income For the year ended 31 December	
			2019 (RMB million)	2018 (RMB million)
Shanghai				
20. Jiayuan Dream Square 夢想廣場 ⁽¹⁾	21,260	21,260	38.7	36.8
21. Fengcheng Mingdu 奉城名都	13,621	13,621	10.0	10.7
22. Huijing Huating 匯景華庭	7,844	7,844	13.4	2.7
Anhui				
23. Hefei Paris Metropolis 合肥巴黎都市 ⁽¹⁾	216,729	67,240	13.6	–
24. He County Central City 和縣中央城 ⁽¹⁾	29,886	–	–	–
25. Guoyang Jiayuan Xinggangcheng 渦陽佳源星港城 ⁽¹⁾	31,130	–	–	–
Cambodia				
26. Cambodia, Phnom Penh 柬埔寨金邊*	1,164,054	–	–	–
Others	–	–	5.8	–
Total	2,093,776	569,676	210.9	73.7

Note 1: Part of the project is currently under construction.

* The project is proposed for development.

Land Reserves

The following table sets out a summary of the Group's land reserves by project as at 31 December 2019:

Project	Location	Status	Expected Completion Date	Project Type	Site Area (sq.m.)	Total GFA (sq.m.)	Ownership Interest %	
Yangtze River Delta Region								
1	Jiayuan Centurial City 佳源世紀天城	Yangzhou City, Jiangsu Province	Under development	2022 Q1	Mixed-use	214,260	420,315	100%
2	Centurial Honour Mansion 世紀天城榮御府	Yangzhou City, Jiangsu Province	Under development	2021 Q1	Mixed-use	167,826	478,272	100%
3	Jiayuan Westmount Villa 佳源西峰玖墅	Yangzhou City, Jiangsu Province	Under development	2020 Q2	Residential	143,822	129,791	70%
4	Jiayuan Centurial Villa 佳源世紀豪園	Yangzhou City, Jiangsu Province	Completed	–	Residential	391,088	1,803	100%
5	Jiayuan Centurial Garden 佳源世紀花園	Yangzhou City, Jiangsu Province	Completed	–	Residential	234,671	8,653	100%
6	Park Number One 公園一號	Yangzhou City, Jiangsu Province	Completed	–	Residential	75,591	721	100%
7	Jiayuan Centurial Scenery Park 佳源世紀景園	Yangzhou City, Jiangsu Province	Completed	–	Residential	60,972	915	100%
8	Jiayuan Yurun Guifu 佳源雨潤桂府	Yangzhou City, Jiangsu Province	Under development	2020 Q3	Residential	119,973	137,009	100%
9	Jiayuan Yurun Huafu 佳源雨潤華府	Yangzhou City, Jiangsu Province	Under development	2020 Q4	Residential	91,722	156,243	100%
10	Jiayuan Jiulong Bay 佳源玖龍灣	Yangzhou City, Jiangsu Province	Under development	2020 Q2	Mixed-use	49,676	155,027	100%
11	Zijin Mansion 紫金華府	Nanjing City, Jiangsu Province	Completed	–	Residential	339,008	86,343	100%
12	Jiayuan Wuxing Plaza 佳源五星廣場	Nanjing City, Jiangsu Province	Under development	2022 Q3	Residential	58,609	678,977	51%
13	Youyou Huafu 優優華府	Taizhou City, Jiangsu Province	Under development	2022 Q4	Residential	56,910	141,645	100%
14	Venice Metropolis 威尼斯城	Taizhou City, Jiangsu Province	Under development	2022 Q3	Residential	660,576	682,313	100%
15	Taixing Jiayuan Central Plaza 泰興佳源中心廣場	Taizhou City, Jiangsu Province	Completed	–	Mixed-use	81,887	56,697	100%

Project	Location	Status	Expected Completion Date	Project Type	Site Area (sq.m.)	Total GFA (sq.m.)	Ownership Interest %	
Yangtze River Delta Region								
16	Jiayuan Mingfu 佳源名府	Taizhou City, Jiangsu Province	Completed	-	Mixed-use	42,054	16,839	100%
17	Jiayuan New World 新天地	Taizhou City, Jiangsu Province	Completed	-	Mixed-use	190,802	91,951	100%
18	Qiangxi Garden 羌溪花苑	Taizhou City, Jiangsu Province	Completed	-	Residential	69,486	5,846	100%
19	Guxi Jiayuan Central Plaza 古溪佳源中心廣場	Taizhou City, Jiangsu Province	Completed	-	Mixed-use	83,048	144,489	100%
20	Oriental Bright City 東方不夜城	Taizhou City, Jiangsu Province	Completed	-	Residential	77,021	34,419	100%
21	Oriental Paris City 東方巴黎城	Taizhou City, Jiangsu Province	Completed	-	Residential	231,702	30,470	100%
22	Quexiandao Number One 鵲仙島一號	Taizhou City, Jiangsu Province	Completed	-	Residential	68,330	13,127	100%
23	Jiayuan Central Plaza 佳源中心廣場	Taizhou City, Jiangsu Province	Under development	2022 Q4	Mixed-use	15,702	15,702	100%
24	Jiayuan Metropolis 佳源都市	Suzhou City, Jiangsu Province	Under development	2020 Q4	Residential	52,988	128,360	100%
25	Elite International Garden 名人國際花園	Suqian City, Jiangsu Province	Completed	-	Residential	53,970	389	90%
26	Park Number One 公園一號	Suqian City, Jiangsu Province	Completed	-	Residential	126,183	26,610	90%
27	Paris Metropolis 巴黎都市	Suqian City, Jiangsu Province	Under development	2021 Q3	Residential	220,520	479,397	90%
28	Rome Metropolis 羅馬都市	Suqian City, Jiangsu Province	Under development	2020 Q4	Residential	302,505	700,419	100%
29	The Bund Number One 外灘一號	Suqian City, Jiangsu Province	Under development	2021 Q2	Residential	83,991	172,186	100%
30	Jiayuan Central Plaza 佳源中心廣場	Changzhou City, Jiangsu Province	Completed	-	Mixed-use	58,601	54,469	100%

Project	Location	Status	Expected Completion Date	Project Type	Site Area (sq.m.)	Total GFA (sq.m.)	Ownership Interest %	
Yangtze River Delta Region								
31	Junchen Fu 君宸府	Changzhou City, Jiangsu Province	Under development	2020 Q4	Residential	26,768	77,075	51%
32	Yuefu 悦府	Changzhou City, Jiangsu Province	Under development	2020 Q3	Residential	17,996	47,692	100%
33	Jiayuan Metropolis 佳源都市	Nantong City, Jiangsu Province	Under development	2021 Q2	Residential	198,434	370,949	100%
34	Jiayuan Paris Metropolis 佳源巴黎都市	Zhenjiang City, Jiangsu Province	Under development	2020 Q4	Residential	119,607	123,638	100%
35	Fengcheng Mingdu 奉城名都	Shanghai City	Completed	–	Mixed-use	8,442	14,232	90%
36	Huijing Huating 匯景華庭	Shanghai City	Completed	–	Mixed-use	5,162	7,844	90%
37	Jiayuan Dream Square 佳源夢想廣場	Shanghai City	Under development	2020 Q4	Mixed-use	31,528	86,481	90%
38	Yancheng Jiayuan Square 鹽城佳源廣場	Yancheng City, Jiangsu Province	Under development	2022 Q4	Mixed-use	130,827	480,701	65%
39	Bengbu Oriental Metropolis 蚌埠東方都市	Bengbu City, Anhui Province	Under development	2021 Q2	Mixed-use	210,248	345,400	82%
40	Fengtai Jiayuan Metropolis 鳳台佳源都市	Huainan City, Anhui Province	Under development	2020 Q4	Mixed-use	75,920	188,600	100%
41	He County Central City 和縣中央城	Ma'anshan City, Anhui Province	Under development	2023 Q1	Mixed-use	322,462	481,482	79%
42	Lu'an Jiayuan Huaifu 六安佳源華府	Lu'an City, Anhui Province	Under development	2022 Q3	Mixed-use	136,533	391,658	70%
43	Lujiang Oriental Metropolis 廬江東方都市	Hefei City, Anhui Province	Under development	2020 Q4	Mixed-use	180,704	155,225	42%
44	Guoyang Jiayuan Xinggangcheng 渦陽佳源星港城	Bozhou City, Anhui Province	Under development	2021 Q4	Mixed-use	189,200	487,907	91%
45	Lixin Jiayuan Metropolis 利辛佳源都市	Bozhou City, Anhui Province	Under development	2020 Q3	Mixed-use	66,800	98,857	60%

Project	Location	Status	Expected Completion Date	Project Type	Site Area (sq.m.)	Total GFA (sq.m.)	Ownership Interest %	
Yangtze River Delta Region								
46	Hefei Paris Metropolis 合肥巴黎都市	Hefei City, Anhui Province	Under development	2020 Q3	Mixed-use	416,995	860,582	100%
47	Mengcheng Biguiyuan 蒙城碧桂園	Bozhou City, Anhui Province	Under development	2020 Q4	Mixed-use	120,100	173,800	30%
48	Mingbang Xuefu 名邦學府	Bozhou City, Anhui Province	Under development	2020 Q4	Mixed-use	184,221	131,266	51%
49	Minhe Project Dwellings 民和民居	Bozhou City, Anhui Province	Under development	2022 Q4	Mixed-use	77,463	223,697	67%
50	Chengnan Xuefu 城南學府	Hefei City, Anhui Province	Under development	2021 Q4	Mixed-use	104,014	263,748	60%
51	Bailin Chuntian 柏林春天	Lu'an City, Anhui Province	Completed	–	Mixed-use	48,500	17,269	55%
52	Dongfang Huating 東方華庭	Hefei City, Anhui Province	Completed	–	Mixed-use	120,408	3,425	99%
Guangdong–Hong Kong–Macao Greater Bay Area								
53	One Vista 匯賢一號	Hong Kong, Guangdong Province	Under development	2020 Q1	Mixed-use	1,793	25,409	70%
54	Success Centre 成功中心	Hong Kong, Guangdong Province	Under development	2020 Q2	Mixed-use	1,394	22,205	70%
55	T-plus 菁雋	Hong Kong, Guangdong Province	Completed	–	Residential	2,202	2,110	70%
56	Ocean Hill 悅峯	Macao, Guangdong Province	Proposed for development	2022 Q4	Residential	5,597	60,969	100%
57	Shenzhen Dingxi 深圳鼎曦	Shenzhen City, Guangdong Province	Proposed for development	2022 Q2	Mixed-use	4,940	41,140	70%
58	Shenzhen Songling 深圳松齡	Shenzhen City, Guangdong Province	Proposed for development	2022 Q2	Mixed-use	4,281	38,100	70%
59	Jiayuan Didu Hot Spring Resort 佳源帝都溫泉山莊	Enping City, Guangdong Province	Under development	2021 Q1	Residential	593,637	1,180,000	78%
Other key provincial cities								
60	Heng Feng Jia Yuan 恒豐佳源	Guiyang City, Guizhou Province	Proposed for development	2023 Q1	Residential	120,000	856,375	43%
61	Russian Cultural Complex 俄羅斯文化綜合體	Dongfang City, Hainan Province	Under development	2020 Q4	Mixed-use	223,304	85,910	36%
Along the “Belt and Road” initiative								
62	Cambodia, Phnom Penh 柬埔寨金邊	Phnom Penh, Cambodia	Proposed for development	2023 Q1	Residential	1,164,054	1,164,054	50%
63	Jiayuan Metropolis 佳源都市	Urumqi City, Xinjiang	Proposed for development	2023 Q1	Residential	74,000	295,087	63%
Total						<u>9,411,028</u>	<u>13,852,284</u>	

FINANCIAL REVIEW

Operating Results

Revenue

Revenue of the Group mainly consists of revenue derived from (i) property development; (ii) property investment and (iii) property management service. For the year ended 31 December 2019, revenue of the Group amounted to approximately RMB16,070 million, representing an increase of approximately 18% from approximately RMB13,616 million in 2018. Profit and total comprehensive income for the year ended 31 December 2019 was approximately RMB2,463 million, representing an increase of approximately 5% from approximately RMB2,349 million in 2018.

Gross Profit and Gross Profit Margin

Gross profit increased by 16% to approximately RMB5,242 million for the year ended 31 December 2019 from approximately RMB4,504 million for the year ended 31 December 2018, while the Group's gross profit margin maintained at 33% for the years ended 31 December 2019 and 2018.

Other Income

The Group had other income of approximately RMB308 million for the year ended 31 December 2019 as compared with approximately RMB352 million for the year ended 31 December 2018, representing a decrease of approximately RMB44 million or 13%. The decrease was due to a combination effect of decreased interest income on loan receivables and increase in interest income on financial assets at fair value through profit or loss and bank deposits.

Other Gains and Losses

The Group's other losses decreased by 21% to approximately RMB141 million for the year ended 31 December 2019 from approximately RMB179 million for the year ended 31 December 2018. The decrease in other losses was mainly due to a combination effect of decreases in net foreign exchange losses of approximately RMB106 million in 2019, which was mainly attributable to the foreign exchange loss on borrowings denominated in USD against the depreciation of RMB against USD, as well as gains on disposal of investment in associates of RMB22 million, fair value loss of RMB55 million on derivative financial instruments and losses on deemed disposal of a subsidiary of RMB40 million during 2019.

Fair Value Change on Investment Properties

The Group's fair value change on investment properties increased to approximately RMB437 million for the year ended 31 December 2019 from approximately RMB366 million for the year ended 31 December 2018. The increase by approximately 19% was mainly derived from the investment properties located in Nanjing, Yangzhou and Hefei.

Selling and Marketing Expenses

The Group's selling and marketing expenses decreased to approximately RMB303 million for the year ended 31 December 2019 from approximately RMB359 million for the year ended 31 December 2018. The decrease by approximately 16% was mainly attributable to a decrease in sales commission paid to property agents as a result of increased direct sales conducted with customers in 2019.

Administrative Expenses

The Group's administrative expenses increased by approximately 17% to approximately RMB492 million for the year ended 31 December 2019 from approximately RMB420 million for the year ended 31 December 2018, which was mainly attributable to the increase of staff salaries and allowances resulting from the expansion of operation scale of the Group.

Finance Costs

The Group's finance costs decreased to approximately RMB283 million for the year ended 31 December 2019 from approximately RMB293 million for the year ended 31 December 2018. The decrease in finance costs of approximately 3% was attributable to the decrease in amounts of bank and other borrowings and senior notes in 2019.

Income Tax Expense

The Group's income tax expense increased to approximately RMB2,329 million for the year ended 31 December 2019 from approximately RMB2,141 million for the year ended 31 December 2018. The Group's income tax expense included payments and provisions made for enterprise income tax and land appreciation tax less deferred taxation during the year 2019. The increase by approximately 9% was in line with the increase in the Group's taxable profit in 2019.

Profit and Total Comprehensive Income for the Year

Profit and total comprehensive income for the year increased by approximately 5% to approximately RMB2,463 million for the year ended 31 December 2019 from approximately RMB2,349 million for the year ended 31 December 2018 which was in line with the expansion of the Group's operation in 2019.

Liquidity, Financial and Capital Resources

Cash Position

As at 31 December 2019, the Group had an aggregate of restricted/pledged bank deposits and cash and cash equivalents of approximately RMB8,154 million (as at 31 December 2018: approximately RMB6,703 million), representing an increase of approximately 22% as compared to that as at 31 December 2018. As at 31 December 2019, restricted/pledged bank deposits of approximately RMB2,123 million (as at 31 December 2018: approximately RMB2,103 million) were restricted for use in specific property development projects or pledged for mortgage guarantees given by the Group.

Borrowings and the Group's Pledged Assets

As at 31 December 2019, the Group had bank and other borrowings of approximately RMB12,130 million (as at 31 December 2018: approximately RMB14,801 million). Amongst the borrowings, approximately RMB4,668 million (as at 31 December 2018: approximately RMB7,013 million) will be repayable within one year and approximately RMB7,462 million (as at 31 December 2018: approximately RMB7,788 million) will be repayable after one year.

As at 31 December 2019, bank and other borrowings of approximately RMB11,442 million (as at 31 December 2018: approximately RMB14,751 million) were secured by bank balances, land use rights and properties of the Group. As at 31 December 2019, the assets pledged to secure certain borrowings granted to the Group amounted to approximately RMB13,272 million (as at 31 December 2018: approximately RMB17,659 million).

Senior Notes

In May 2019, the Company issued senior secured notes with a principal amount of US\$225,000,000 due in May 2022 (the "May 2022 Senior Notes") (in exchange for the senior notes issued with a principal amount of US\$160,000,000 due in October 2019, bearing interest at a fixed rate of 10% per annum with interest payable semi-annually in arrears) which are listed on the Frankfurt Stock Exchange. The May 2022 Senior Notes, bearing interest at a fixed rate of 11.375% per annum with interest payable semi-annually in arrears, will mature in May 2022.

In July 2019, the Company issued senior secured notes with a principal amount of US\$225,000,000 due in March 2022 (the "March 2022 Senior Notes") (a portion of which amounted to US\$174,671,000 was used to exchange for a portion of the senior secured notes issued with a principal amount of US\$25,000,000 due in October 2020 (to be consolidated with and formed a single series with the US\$225,000,000, 12% due October 2020 senior notes issued in October 2018, the US\$70,000,000 12% due October 2020 senior notes issued in November 2018 and the US\$80,000,000 12% due October 2020 senior notes issued in December 2018) ("the Exchanged Notes") which are listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") (Stock Code: 4418). The March 2022 Senior Notes, bearing interest at a fixed rate of 13.75% per annum with interest payable semi-annually in arrears, will mature in March 2022. All of the Exchanged Notes in the principal amount of US\$174,671,000 were cancelled and the remaining outstanding aggregate principal amount of the Exchanged Notes after such cancellation is US\$225,329,000.

In August 2019, the Company issued senior secured notes with a principal amount of US\$25,000,000 due in May 2022 (to be consolidated with and form a single series with the May 2022 Senior Notes) (the "May 2022 Senior Notes I") which are listed on the Frankfurt Stock Exchange. The May 2022 Senior Notes I, bearing interest at a fixed rate of 11.375% per annum with interest payable semi-annually in arrears will mature in May 2022.

In October 2019, the Company issued senior secured notes with a principal amount of US\$200,000,000 due in February 2023 (the “February 2023 Senior Notes”) which are listed on the Stock Exchange (Stock Code: 40023). The February 2023 Senior Notes, bearing interest at a fixed rate of 13.75% per annum with interest payable semi-annually in arrears, will mature in February 2023.

In November 2019, the Company issued senior secured notes with a principal amount of US\$37,500,000 due in February 2023 (to be consolidated with and form a single series with the February 2023 Senior Notes) (the “February 2023 Senior Notes I”) which are listed on the Hong Kong Stock Exchange (Stock Code: 40023). The February 2023 Senior Notes I, bearing interest at a fixed rate of 13.75% per annum with interest payable semi-annually in arrears, will mature in February 2023.

In November 2019, the Company issued senior secured notes with a principal amount of US\$30,000,000 due in March 2022 (to be consolidated with and form a single series with the March 2022 Senior Notes) (the “March 2022 Senior Notes I”) which are listed on the Hong Kong Stock Exchange (Stock Code: 4418). The March 2022 Senior Notes I, bearing interest at a fixed rate of 13.75% per annum with interest payable semi-annually in arrears, will mature in March 2022.

Net Gearing Ratio

The net gearing ratio of the Group improved significantly as at 31 December 2019. It decreased to approximately 78% from 145% as at 31 December 2018, which was mainly attributable to the Group’s effort in speeding up cash recovery from property sales, actively strengthening its control over the degree of leverage and fortifying capital management ability in 2019. The net gearing ratio was measured by net debt (bank and other borrowings and senior notes as mentioned above net of cash and cash equivalents and restricted/pledged bank deposits) over the total equity.

Exchange Rate Risk

The Group mainly operates its business in the PRC. Other than the foreign currency denominated bank deposits, deposits paid for a life insurance policy, borrowings and senior notes, the Group does not have any other material direct exposure to foreign exchange fluctuations in 2019, though RMB depreciated against USD and HKD, the Directors expect that any fluctuation of RMB’s exchange rate will not have material adverse effect on the operation of the Group.

The Group will closely monitor the exchange rate risk regularly and make foreign exchange hedging arrangement when necessary. The Group considers that no foreign exchange hedging arrangement is needed currently.

Commitments

As at 31 December 2019, the Group had committed payment for the investment property under construction and property development expenditure of approximately RMB9,676 million (as at 31 December 2018: RMB8,776 million).

Contingent Liabilities

As at 31 December 2019, the Group had provided guarantees amounting to approximately RMB13,289 million (as at 31 December 2018: approximately RMB11,393 million) in respect of mortgage bank loans granted to purchasers of the Group's properties. Such guarantees will be released by banks upon the purchasers obtaining the relevant building ownership certificate and completion of the relevant mortgage registration.

In the opinion of the Directors, the fair values of these financial guarantee contracts of the Group are insignificant at initial recognition and at relevant reporting dates and accordingly, the Directors consider that the possibility of default by the purchasers of the Group's properties is remote, accordingly, no provision for the guarantee contracts was recognised in the financial statements for the year ended 31 December 2019.

Material Acquisitions and Disposals

On 21 January 2019, the Group completed the transaction for which the Group entered into the sale and purchase agreement with Mr. Shum whereby the Company agreed to acquire the entire issued share capital of Chuangyuan at a consideration of HK\$688,974,000, which was fully settled by the issue and allotment of 50,180,189 consideration shares by the Company to Mr. Shum or his nominee(s). The Chuangyuan Group is principally engaged in the property management business in the PRC.

On 8 August 2019, the Company completed the acquisition of the entire issued share capital of Huiyuan, which is engaged in property development and property investment in the PRC. Huiyuan indirectly held property development projects located in the municipalities of Hefei, Maanshan and Bengbu of Anhui Province, the PRC, mainly consisting of large-scale residential complex projects and integrated commercial complex projects, as well as apartments, offices, shopping arcades, hotels and other supporting facilities. Huiyuan was wholly-owned by Mr. Shum. Pursuant to the relevant sale and purchase agreement, the consideration of RMB4,155,168,787 (equivalent to approximately HKD4,840,771,637) was fully settled by the issue and allotment of 1,377,959,475 consideration shares by the Company to Mr. Shum or his nominee(s).

Save as disclosed above, the Group did not have any material acquisitions and disposals during the year ended 31 December 2019.

Events after the Reporting Period

After the COVID-19 outbreak in early 2020, a series of precautionary and control measures have been implemented across the Asia region. 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. As at the date on which this set of financial statements were authorised for issue, the Group was not aware of any material adverse effects on its financial statements as a result of the COVID-19 outbreak.

Future Plans for Material Investments

The Group will continue to invest in its property development projects and acquire suitable land parcels in selected cities, if it thinks fit. These investments will be funded by internal resources and external borrowings. Save as disclosed above, the Group did not have any future plans for material investments as at the date of this announcement.

Employees, Remuneration Policies and Share Option Scheme

As at 31 December 2019, the Group had approximately 5,191 employees (as at 31 December 2018: 4,326 employees). For the year ended 31 December 2019, the Group incurred employee costs of approximately RMB444 million (as at 31 December 2018: approximately RMB313 million). Remuneration for the employees generally includes salary and performance-based bonuses. As required by applicable PRC laws and regulations, the Group participates in various employee benefit plans, including pension insurance, medical insurance and personal injury insurance. The Company adopted a share option scheme on 12 February 2016 as incentive for eligible employees.

CORPORATE GOVERNANCE PRACTICES

The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders and to enhance corporate value and accountability. The Board is committed to achieving high corporate governance standards.

The Company has adopted the principles and code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “Listing Rules”) as the basis of the Company’s corporate governance practices.

The Company has complied with all the code provisions as set out in the CG Code for the year ended 31 December 2019.

The Directors will use their best endeavors to procure the Company to continue to comply with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct for securities transactions by directors and employees who are likely to be in possession of unpublished inside information of the Company (the “Code of Conduct”) on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules.

The Company, after making specific inquiries to all Directors, confirmed that all of them have complied with the required standards in the Model Code and the Code of Conduct throughout the year ended 31 December 2019.

No incident of non-compliance of the Code of Conduct by the relevant employees was noted by the Company during the year ended 31 December 2019. In case when the Company is aware of any restricted period for dealings in the Company’s securities, the Company will notify its Directors and relevant employees in advance.

REVIEW OF CONSOLIDATED FINANCIAL INFORMATION

The audit committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the final results and the audited consolidated financial statements for the year ended 31 December 2019. The audit committee has also reviewed the effectiveness of the internal control system, financial reporting system and risk management system of the Group and considers such systems to be effective and adequate.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group’s consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2019 as set out in this final results announcement have been compared by the Group’s auditor, PricewaterhouseCoopers, to the amounts set out in the Group’s audited consolidated financial statements for the year ended 31 December 2019 and the amounts were found to be in agreement. 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.

FINAL DIVIDEND

The Board is committed to maintaining a stable dividend policy to ensure sustainable and steady returns for shareholders. After considering the composition of the profit and cash flows of the Group, the Board recommended a final dividend of HK11 cents per share (2018 final dividend: HK11 cents per share), representing a dividend payout ratio of approximately 19%.

The Board recommended that the final dividend be satisfied wholly in the form of an allotment of scrip shares. Shareholders will be given the option of receiving the final dividend wholly in cash in lieu of such allotment, or partly in cash and partly in the form of scrip shares (the “Scrip Dividend Scheme”). The Scrip Dividend Scheme is subject to: (1) the approval of the proposed final dividend at the forthcoming annual general meeting of the Company; and (2) the Hong Kong Stock Exchange granting the listing of and permission to deal in the new shares to be issued pursuant thereto.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company will be held on Wednesday, 10 June 2020 (the “AGM”) and the notice of the AGM will be published and despatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

To ensure the eligibility to attend and vote at the AGM and the entitlement to the proposed final dividend, the register of members of the Company will be closed on the following dates:

For ascertaining shareholders’ right to attend and vote at the AGM:

Latest time to lodge transfers	:	4:30 p.m. on Thursday, 4 June 2020
Book closure dates	:	Friday, 5 June 2020 to Wednesday, 10 June 2020 (both days inclusive)
Record date	:	Wednesday, 10 June 2020

For ascertaining shareholders’ entitlement to the proposed final dividend:

Latest time to lodge transfers	:	4:30 p.m. on Monday, 15 June 2020
Book closure dates	:	Tuesday, 16 June 2020 to Wednesday, 17 June 2020 (both days inclusive)
Record date	:	Wednesday, 17 June 2020
Payment date of the final dividend	:	on or about Thursday, 23 July 2020

To be eligible to attend and vote at the AGM and qualify for the final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than the aforementioned latest time.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2019.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This announcement of final results has been published on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and the Company at www.jiayuanintl.com. The 2019 Annual Report for the year ended 31 December 2019 containing all the information required by Appendix 16 to the Listing Rules will be despatched to the shareholders of the Company and available on the same websites in due course.

By order of the Board
Jiayuan International Group Limited
Shum Tin Ching
Chairman

Hong Kong, 9 March 2020

As at the date of this announcement, the Board of the Company comprises: (i) Mr. Shum Tin Ching, the Chairman and a Non-executive Director; (ii) Mr. Zhang Yi, a Vice Chairman and an Executive Director; (iii) Mr. Huang Fuqing, a Vice Chairman and an Executive Director; (iv) Ms. Cheuk Hiu Nam, an Executive Director; (v) Mr. Wang Jianfeng, an Executive Director; (vi) Mr. Tai Kwok Leung, Alexander, an Independent Non-executive Director; (vii) Dr. Cheung Wai Bun, Charles, JP, an Independent Non-executive Director; (viii) Mr. Gu Yunchang, an Independent Non-executive Director; and (ix) Mr. Shen Xiaodong, a Non-executive Director.