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花 樣 年

FANTASIA

Fantasia Holdings Group Co., Limited

花樣年控股集團有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 1777)

ANNOUNCEMENT OF 2019 ANNUAL RESULTS

FINANCIAL HIGHLIGHTS

- The Group recorded total contract sales for the year of 2019 of approximately RMB36,210 million, representing a year-on-year increase of 20.0%.
- The Group's total revenue was approximately RMB19,082 million in 2019, representing an increase of 36.4% as compared with RMB13,986 million in 2018.
- The Group's gross profit was approximately RMB5,337 million in 2019, representing an increase of 27.6% as compared with approximately RMB4,184 million in 2018.
- The Group's gross profit margin in 2019 was approximately 28.0%, which is at a relatively high level in the industry.
- The Group's annual net profit was approximately RMB1,502 million, representing a year-on-year increase of 28.6%.
- Basic earnings per share was RMB15.15 cents. The Board recommended the payment of a final dividend of RMB5.00 cents per share, equivalent to HK5.50 cents, in cash.

The board (the “Board”) of Directors (the “Directors”) of Fantasia Holdings Group Co., Limited (the “Company”) is pleased to announce the audited financial results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2019 (the “Period”) as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	<i>NOTES</i>	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Revenue			
Contracts with customers	<i>3</i>	18,881,799	13,733,624
Leases		199,778	252,509
		<hr/>	<hr/>
Total revenue	<i>4</i>	19,081,577	13,986,133
Cost of sales and services		(13,744,216)	(9,802,167)
		<hr/>	<hr/>
Gross profit		5,337,361	4,183,966
Other income	<i>5</i>	139,944	149,649
Other gains and losses	<i>5</i>	1,189,403	561,873
Impairment losses under expected credit loss model, net of reversal		(139,628)	(82,424)
Change in fair value of investment properties		(6,165)	136,802
Recognition of change in fair value of completed properties for sale upon transfer to investment properties		(1,110)	82,409
Selling and distribution expenses		(469,538)	(439,032)
Administrative expenses		(1,361,840)	(1,389,214)
Finance costs	<i>6</i>	(1,831,761)	(1,464,674)
Share of results of associates		10,738	34,880
Share of results of joint ventures		(29,626)	(11,140)
Gain on disposal of subsidiaries		944,903	1,273,824
		<hr/>	<hr/>
Profit before tax		3,782,681	3,036,919
Income tax expense	<i>7</i>	(2,280,776)	(1,868,735)
		<hr/>	<hr/>
Profit for the year	<i>8</i>	1,501,905	1,168,184
		<hr/>	<hr/>

	<i>NOTE</i>	2019 RMB'000	2018 <i>RMB'000</i>
Other comprehensive income (expense)			
Items that may be reclassified			
subsequently to profit or loss:			
Fair value change on hedging instruments designated in cash flow hedges		<u>439</u>	<u>–</u>
Items that will not be reclassified			
subsequently to profit or loss:			
Fair value gain on equity instruments designated at FVTOCI		5,483	–
Remeasurement of defined benefit obligations		–	(238)
Deferred taxation effect		<u>(1,371)</u>	<u>60</u>
		<u>4,112</u>	<u>(178)</u>
Other comprehensive income (expense) for the year, net of income tax		<u>4,551</u>	<u>(178)</u>
Total comprehensive income for the year		<u><u>1,506,456</u></u>	<u><u>1,168,006</u></u>
Profit for the year attributable to:			
Owners of the Company		873,644	728,339
Other non-controlling interests		<u>628,261</u>	<u>439,845</u>
		<u><u>1,501,905</u></u>	<u><u>1,168,184</u></u>
Total comprehensive income for the year attributable to:			
Owners of the Company		876,208	728,233
Other non-controlling interests		<u>630,248</u>	<u>439,773</u>
		<u><u>1,506,456</u></u>	<u><u>1,168,006</u></u>
Earnings per share – basic (<i>RMB cents</i>)	<i>10</i>	<u><u>15.15</u></u>	<u><u>12.64</u></u>
Earnings per share – diluted (<i>RMB cents</i>)	<i>10</i>	<u><u>15.08</u></u>	<u><u>12.58</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2019

	<i>NOTE</i>	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		2,172,059	2,596,806
Right-of-use assets		1,049,134	–
Investment properties		11,924,404	10,515,977
Interests in associates		757,497	1,346,586
Interests in joint ventures		2,686,998	1,426,958
Equity instruments designated at fair value through other comprehensive income (“FVTOCI”)		60,086	51,551
Goodwill		2,398,921	2,339,723
Intangible assets		1,129,725	1,188,896
Prepaid lease payments		–	206,743
Premium on prepaid lease payments		–	76,418
Other receivables		610,511	158,698
Contract assets		22,229	–
Amounts due from related parties		958,190	81,505
Pledged bank deposits		547,500	558,457
Deposits paid for potential acquisitions of subsidiaries and investments in associates and joint ventures		852,027	194,427
Deposit paid for acquisition of a property project		–	202,961
Deposits paid for acquisition of land use rights		–	228,703
Deferred tax assets		710,650	565,707
		25,879,931	21,740,116
CURRENT ASSETS			
Properties for sale		35,473,562	34,882,404
Inventories		117,177	544,407
Prepaid lease payments		–	6,750
Premium on prepaid lease payments		–	2,548
Contract assets		736,724	449,590
Contract costs		410,502	201,414
Trade and other receivables	<i>11</i>	7,864,902	5,938,028
Tax recoverable		337,503	105,212
Amounts due from related parties		832,459	436,411
Financial assets at fair value through profit or loss (“FVTPL”)		1,449,051	2,127,196
Derivative financial instruments		1,241	–
Restricted/pledged bank deposits		2,117,174	1,789,411
Bank balances and cash		20,379,733	26,222,584
		69,720,028	72,705,955
		95,599,959	94,446,071

	<i>NOTE</i>	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
CURRENT LIABILITIES			
Trade and other payables	12	8,398,790	10,393,583
Contract liabilities		19,160,338	13,039,071
Derivative financial instruments		13,759	–
Amounts due to related parties		843,853	356,189
Tax liabilities		6,347,498	5,504,651
Borrowings due within one year		6,430,202	7,959,810
Lease liabilities		95,181	–
Obligations under finance leases		–	69,164
Senior notes and bonds		4,963,714	6,397,660
Asset-backed securities issued		87,483	208,636
Provisions		37,440	30,740
Other current liabilities		–	2,625
		<u>46,378,258</u>	<u>43,962,129</u>
NET CURRENT ASSETS		<u>23,341,770</u>	<u>28,743,826</u>
TOTAL ASSETS LESS			
CURRENT LIABILITIES		<u>49,221,701</u>	<u>50,483,942</u>
NON-CURRENT LIABILITIES			
Derivative financial instruments		18,945	–
Deferred tax liabilities		1,569,772	1,734,943
Borrowings due after one year		7,555,160	11,195,744
Lease liabilities		349,215	–
Obligations under finance leases		–	236,880
Senior notes and bonds		19,119,556	17,810,083
Asset-backed securities issued		17,065	51,783
		<u>28,629,713</u>	<u>31,029,433</u>
NET ASSETS		<u>20,591,988</u>	<u>19,454,509</u>
CAPITAL AND RESERVES			
Share capital		498,359	497,945
Reserves		13,237,883	12,465,583
Equity attributable to owners of the Company		13,736,242	12,963,528
Non-controlling interests		6,855,746	6,490,981
		<u>20,591,988</u>	<u>19,454,509</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1. GENERAL

Fantasia Holdings Group Co., Limited is a limited liability company incorporated in Cayman Islands and its shares are listed on the main board of The Stock Exchange of Hong Kong (“the Stock Exchange”).

The consolidated financial statements are presented in Renminbi (“RMB”), which is the functional currency of the Company and the major subsidiaries.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs and an interpretation issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) for the first time in the current year.

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

Except as described below, the application of the new and amendments to HKFRSs and an interpretation in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 16 “Leases”

The Group has applied HKFRS 16 “Leases” for the first time in the current year. HKFRS 16 superseded HKAS 17 “Leases”, and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 “Determining whether an Arrangement contains a Lease” and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

As at 1 January 2019, the Group recognised lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening accumulated profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application; and
- used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group’s leases with extension and termination options.

Before the application of HKFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which HKAS 17 applied under other receivables. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use of the underlying assets and should be adjusted to reflect the discounting effect at transition. However, the adjustments to present value is insignificant to be recognised at the date of initial application, 1 January 2019.

The Group recognised lease liabilities of RMB379,281,000 and right-of-use assets of RMB718,214,000 at 1 January 2019.

	At 1 January 2019 RMB'000
Operating lease commitments disclosed as at 31 December 2018	<u>170,961</u>
Lease liabilities discounted at relevant incremental borrowing rates	107,054
<i>Less:</i> Recognition exemption – short-term leases (with lease term ended within 12 months of the date of initial application)	(28,839)
Recognition exemption – low-value assets (excluding short-term lease of low-value assets)	<u>(4,978)</u>
Lease liabilities relating to operating leases recognised upon application of HKFRS 16	73,237
<i>Add:</i> Obligations under finance leases recognised at 31 December 2018	<u>306,044</u>
Lease liabilities as at 1 January 2019	<u><u>379,281</u></u>
Analysed as	
Current	79,458
Non-current	<u>299,823</u>
	<u><u>379,281</u></u>

	Right-of-use assets
	<i>RMB'000</i>
Right-of-use assets relating to operating leases recognised	
upon application of HKFRS 16	73,237
Reclassification from prepaid lease payments	137,709
Amounts included in property, plant and equipment under HKAS 17	
– Assets previously under finance leases	<u>507,268</u>
	<u><u>718,214</u></u>
By class:	
Leasehold lands	137,709
Office premises	73,237
Transportation equipment	<u>507,268</u>
	<u><u>718,214</u></u>

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

- (a) Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 January 2019. The application has had no impact on the Group's consolidated statement of financial position at 1 January 2019. However, effective from 1 January 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.
- (b) Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied under trade and other payables. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets and should be adjusted to reflect the discounting effect at transition. However, the adjustments to present value is insignificant to be recognised at the date of initial application, 1 January 2019.

- (c) Effective on 1 January 2019, the Group has applied HKFRS 15 “Revenue from Contracts with Customers” to allocate consideration in the contract to each lease and non-lease components. The change in allocation basis has had no material impact on the consolidated financial statements of the Group for the current year.

The application of HKFRS 16 as a lessor does not have a material impact on the accumulated profits at 1 January 2019.

There is no financial impact, in the application of HKFRS 16 as a lessor, on the Group’s consolidated statement of financial position as at 1 January 2019 and 31 December 2019 and its consolidated statement of profit or loss and other comprehensive income and cash flows for the current year.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts ¹
Amendments to HKFRS 3	Definition of a Business ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1 and HKAS 8	Definition of Material ⁴
Amendments to HKAS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform ⁴

¹ Effective for annual periods beginning on or after 1 January 2021.

² Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

³ Effective for annual periods beginning on or after a date to be determined.

⁴ Effective for annual periods beginning on or after 1 January 2020.

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of revenue from contracts with customers

For the year ended 31 December 2019

Segments	Property development <i>RMB'000</i>	Property agency services <i>RMB'000</i>	Property operation services <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Types of goods and services						
<u>Property development</u>						
Sales of completed properties	12,866,088	-	-	-	-	12,866,088
Construction of properties	360,258	-	-	-	-	360,258
<u>Property agency services</u>						
Provision of property agency services	-	94,332	-	-	-	94,332
<u>Property operation services</u>						
Provision of property management services	-	-	4,051,304	-	-	4,051,304
Provision of value-added services	-	-	449,334	-	-	449,334
Provision of engineering services	-	-	164,932	-	-	164,932
<u>Hotel operations</u>						
Provision of hotel accommodation services	-	-	-	123,478	-	123,478
<u>Others</u>						
Manufacturing and sales of fuel pumps	-	-	-	-	433,348	433,348
Provision of travel agency services	-	-	-	-	338,725	338,725
	<u>13,226,346</u>	<u>94,332</u>	<u>4,665,570</u>	<u>123,478</u>	<u>772,073</u>	<u>18,881,799</u>
Timing of revenue recognition						
A point in time	12,866,088	94,332	-	-	433,348	13,393,768
Over time	360,258	-	4,665,570	123,478	338,725	5,488,031
	<u>13,226,346</u>	<u>94,332</u>	<u>4,665,570</u>	<u>123,478</u>	<u>772,073</u>	<u>18,881,799</u>

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

Segments	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Property agency services <i>RMB'000</i>	Property operation services <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue disclosed in segment information							
External customers	13,226,346	199,778	94,332	4,665,570	123,478	772,073	19,081,577
Inter-segment	8,938	4,727	-	89,006	-	-	102,671
	13,235,284	204,505	94,332	4,754,576	123,478	772,073	19,184,248
Elimination	(8,938)	(4,727)	-	(89,006)	-	-	(102,671)
Leases	-	(199,778)	-	-	-	-	(199,778)
Revenue from contracts with customers	<u>13,226,346</u>	<u>-</u>	<u>94,332</u>	<u>4,665,570</u>	<u>123,478</u>	<u>772,073</u>	<u>18,881,799</u>

For the year ended 31 December 2018

Segments	Property development <i>RMB'000</i>	Property agency services <i>RMB'000</i>	Property operation services <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Types of goods and services						
<u>Property development</u>						
Sales of completed properties	7,695,367	-	-	-	-	7,695,367
Construction of properties	859,141	-	-	-	-	859,141
<u>Property agency services</u>						
Provision of property agency services	-	129,666	-	-	-	129,666
<u>Property operation services</u>						
Provision of property management services	-	-	3,601,065	-	-	3,601,065
Provision of value-added services	-	-	340,311	-	-	340,311
Provision of engineering services	-	-	216,190	-	-	216,190
<u>Hotel operations</u>						
Provision of hotel accommodation services	-	-	-	135,700	-	135,700
<u>Others</u>						
Manufacturing and sales of fuel pumps	-	-	-	-	414,400	414,400
Provision of travel agency services	-	-	-	-	341,784	341,784
	<u>8,554,508</u>	<u>129,666</u>	<u>4,157,566</u>	<u>135,700</u>	<u>756,184</u>	<u>13,733,624</u>
Timing of revenue recognition						
A point in time	7,695,367	129,666	-	-	414,400	8,239,433
Over time	859,141	-	4,157,566	135,700	341,784	5,494,191
	<u>8,554,508</u>	<u>129,666</u>	<u>4,157,566</u>	<u>135,700</u>	<u>756,184</u>	<u>13,733,624</u>

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

Segments	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Property agency services <i>RMB'000</i>	Property operation services <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue disclosed in segment information							
External customers	8,554,508	252,509	129,666	4,157,566	135,700	756,184	13,986,133
Inter-segment	<u>13,906</u>	<u>2,727</u>	<u>-</u>	<u>118,078</u>	<u>-</u>	<u>-</u>	<u>134,711</u>
	8,568,414	255,236	129,666	4,275,644	135,700	756,184	14,120,844
Elimination	(13,906)	(2,727)	-	(118,078)	-	-	(134,711)
Leases	<u>-</u>	<u>(252,509)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(252,509)</u>
Revenue from contracts with customers	<u><u>8,554,508</u></u>	<u><u>-</u></u>	<u><u>129,666</u></u>	<u><u>4,157,566</u></u>	<u><u>135,700</u></u>	<u><u>756,184</u></u>	<u><u>13,733,624</u></u>

4. SEGMENT INFORMATION

The segment information reported externally was analysed on the basis of the different products and services supplied by the Group's operating divisions which is consistent with the internal information that are regularly reviewed by the directors of the Company, the chief operating decision makers, for the purposes of resource allocation and assessment of performance. This is also the basis of organisation in the Group, whereby the management has chosen to organise the Group by different type of products sold and services rendered.

The Group has six reportable and operating segments, comprising of property development, property investment, property agency services, property operation services, hotel operation and others (including travel agency services and manufacturing and sale of fuel pumps).

The following is an analysis of the Group's revenue, results and other material items by operating and reportable segment under review:

For the year ended 31 December 2019

	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Property agency services <i>RMB'000</i>	Property operation services <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
External revenues	<u>13,226,346</u>	<u>199,778</u>	<u>94,332</u>	<u>4,665,570</u>	<u>123,478</u>	<u>772,073</u>	<u>19,081,577</u>
Inter-segment revenues	<u>8,938</u>	<u>4,727</u>	<u>-</u>	<u>89,006</u>	<u>-</u>	<u>-</u>	<u>102,671</u>
Segment results	<u>2,328,541</u>	<u>205,943</u>	<u>78,644</u>	<u>959,458</u>	<u>(30,591)</u>	<u>(28,423)</u>	<u>3,513,572</u>
Segment assets	<u>42,397,923</u>	<u>11,014,172</u>	<u>26,898</u>	<u>7,693,802</u>	<u>1,128,260</u>	<u>3,014,457</u>	<u>65,275,512</u>

For the year ended 31 December 2018

	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Property agency services <i>RMB'000</i>	Property operation services <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
External revenues	<u>8,554,508</u>	<u>252,509</u>	<u>129,666</u>	<u>4,157,566</u>	<u>135,700</u>	<u>756,184</u>	<u>13,986,133</u>
Inter-segment revenues	<u>13,906</u>	<u>2,727</u>	<u>-</u>	<u>118,078</u>	<u>-</u>	<u>-</u>	<u>134,711</u>
Segment results	<u>1,439,402</u>	<u>351,727</u>	<u>83,540</u>	<u>901,975</u>	<u>(5,035)</u>	<u>(99,159)</u>	<u>2,672,450</u>
Segment assets	<u>37,865,715</u>	<u>10,652,307</u>	<u>18,808</u>	<u>7,565,411</u>	<u>1,100,918</u>	<u>2,741,429</u>	<u>59,944,588</u>

The Group's revenue from external customers is derived solely from its operations in the PRC, and non-current assets of the Group are mainly located in the PRC and the United States of America.

During the years ended 31 December 2019 and 2018, there was no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

5. OTHER INCOME, GAINS AND LOSSES

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Other income		
Interest income	121,816	140,257
Partial exemption of PRC value-added tax	16,740	–
Unconditional government grants	1,388	9,392
	<u>139,944</u>	<u>149,649</u>
Other gains and losses		
Change in fair value of financial assets at FVTPL	385,958	939,273
Gain on remeasurement of interests in joint ventures	989,748	384,487
Gain on disposal of an associate	111,575	–
Net exchange loss	(225,681)	(740,583)
Fair value change on hedging instruments	(31,902)	–
Loss on repurchase/early redemption of senior notes and bonds and asset-backed securities issued	(4,337)	(975)
Loss on modification of senior notes and bonds and asset-backed securities issued	(1,380)	(48,350)
(Loss) gain on disposal of plant, property and equipment	(2,075)	1,660
Revaluation deficit of a property upon transfer to investment properties	(24,899)	–
Impairment of goodwill	(10,000)	–
Others	2,396	26,361
	<u>1,189,403</u>	<u>561,873</u>

6. FINANCE COSTS

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Interest on:		
– bank and other borrowings	1,297,645	1,208,428
– senior notes and bonds	2,382,217	1,942,299
– lease liabilities	35,745	–
– obligation under finance leases	–	15,631
– asset-backed securities issued	20,861	22,083
Imputed interest expenses arising from deposits received from sales of properties	798,093	627,300
Other finance costs	–	13,442
	4,534,561	3,829,183
<i>Less:</i> Amount capitalised in properties under development for sale	(2,633,848)	(2,303,626)
Amount capitalised in investment properties under construction	(65,570)	(59,855)
Amount capitalised in construction in progress	(3,382)	(1,028)
	<u>1,831,761</u>	<u>1,464,674</u>

During the year ended 31 December 2019, certain amounts of finance costs capitalised arose from the general borrowing pool and were calculated by applying the capitalisation rate of 10.1% (2018: 9.9%) per annum to expenditures on qualifying assets.

7. INCOME TAX EXPENSE

	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax in the PRC		
EIT		
– Current year	1,718,780	893,103
– Over provision in respect of prior year	(28,886)	–
	1,689,894	893,103
LAT	923,335	803,119
	2,613,229	1,696,222
Deferred tax		
(Credit) charge to profit and loss	(332,453)	172,513
	2,280,776	1,868,735

8. PROFIT FOR THE YEAR

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Profit for the year has been arrived at after charging (crediting):		
Directors' emoluments	28,101	17,656
Other staff's salaries and allowances	2,048,785	1,527,422
Defined benefit scheme costs	–	60
Retirement benefit scheme contributions	293,725	249,811
Share-based payments	19,871	17,218
	<u>2,390,482</u>	<u>1,812,167</u>
Total staff costs	2,390,482	1,812,167
Less: Amount capitalised in properties under development for sale	(294,909)	(287,202)
	<u>2,095,573</u>	<u>1,524,965</u>
Auditor's remuneration	5,600	5,400
Release of prepaid lease payments	–	14,374
Release of premium on prepaid lease payments	–	13,671
Depreciation of property, plant and equipment	250,500	237,973
Depreciation of right-of-use assets	72,830	–
Amortisation of intangible assets (included in cost of sales and services)	143,043	139,925
Cost of properties sold recognised as an expense	9,565,097	5,960,570

9. DIVIDEND

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Dividend recognised as distribution during the year:		
2018 final dividend HK4.00 cents, equivalent to RMB3.4 cents (2018: final dividend in respect of the year ended 31 December 2017 of HK7.00 cents, equivalent to RMB5.8 cents) per share	195,940	329,217

Subsequent to the end of the reporting period, a final dividend in respect of year ended 31 December 2019 of RMB5.0 cents (2018: final dividend in respect of year ended 31 December 2018 of HK4.00 cents, equivalent to RMB3.4 cents) per share amounting to approximately RMB288,384,000 has been proposed by the directors for approval by the shareholders in the annual general meeting.

10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2019	2018
Earnings (<i>RMB'000</i>)		
Earnings for the purpose of basic earnings per share (profit for the year attributable to owners of the Company)	873,644	728,339
Effect of dilutive potential ordinary shares:		
Share options – Colour Life	<u>–</u>	<u>(93)</u>
Earnings for the purpose of diluted earnings per share	<u>873,644</u>	<u>728,246</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	5,765,629,670	5,762,746,463
Effect of dilutive potential ordinary shares:		
Share options	<u>29,373,158</u>	<u>27,204,965</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>5,795,002,828</u>	<u>5,789,951,428</u>

11. TRADE AND OTHER RECEIVABLES

Consideration in respect of properties sold is paid in accordance with the terms of the related sales and purchase agreements, normally within 90 days from the date of agreement.

Property operation service fee is received in accordance with the terms of the relevant service agreements, normally within 30 days to 1 year after the issuance of demand note. Each customer from property operation services has a designated credit limit.

Hotel operation and travel agency service income are mainly in form of settlement in cash and credit cards.

Rental income from investment properties is received in accordance with the terms of the relevant lease agreements, normally within 30 days from the issuance of invoices.

Consideration in respect of fuel pumps sold is paid in accordance with the terms of the related sales and purchase agreements, normally within 90 days from the date of delivery of fuel pumps. Each customer from sales of fuel pumps has a designated credit limit.

The following is an aged analysis of trade receivables of the Group net of allowance for impairment losses presented based on the date of delivery of the properties to the customers for property sale or the invoice date or date of demand note for rendering of services at the end of the reporting period:

	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
0 to 30 days	914,566	996,756
31 to 90 days	292,224	506,815
91 to 180 days	336,208	280,436
181 to 365 days	869,912	84,682
Over 1 year	90,643	88,438
	<u>2,503,553</u>	<u>1,957,127</u>

12. TRADE AND OTHER PAYABLES

Trade payables principally comprise amounts outstanding for purchase of materials and subcontracting fee for the construction of properties for sale. The average credit period for purchase of construction materials and settlement of subcontracting fee ranged from two months to one year.

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

	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
0 to 60 days	2,181,693	2,801,902
61 to 180 days	1,119,353	1,541,021
181 to 365 days	637,509	784,916
1 – 2 years	544,625	383,922
2 – 3 years	64,535	82,438
Over 3 years	16,541	18,134
	<u>4,564,256</u>	<u>5,612,333</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Property Development

Contracted Sales

In 2019, China's real estate market adhered to the strategic direction guidelines of "houses are for living in, not for speculation" and implemented city-specific policies on "stabilising housing prices, land prices and expectations". The real estate market has witnessed an overall stable trend.

Facing such complicated domestic and overseas situation and increasingly reinforced control policies, the Group returned satisfactory results by proactively adjusting its strategies, firmly seizing the property market adjustment window period, adapting to the situation and accelerated destocking.

During the Reporting Period, the Group achieved total contracted sales of approximately RMB36.210 billion and contracted sales area of 3,208,364 sq.m., of which, approximately RMB22.674 billion was derived from the contracted sales of boutique upscale residences with contracted sales area of 1,976,468 sq.m., accounting for approximately 62.6% and 61.6% of the total contracted sales and total contracted sales area of properties of the Group in 2019, respectively; approximately RMB8.868 billion was derived from contracted sales of mid-to-high end residences with contracted sales area of 954,343 sq.m., representing approximately 24.5% and 29.7% of total contracted sales and total contracted sales area of properties of the Group in 2019, respectively; approximately RMB4.668 billion was derived from contracted sales of urban complexes with contracted sales area of 277,553 sq.m., representing approximately 12.9% and 8.7% of total contracted sales and total contracted sales area of properties of the Group in 2019, respectively.

The Proportions of contracted sales and contracted sales area attributable to different product categories in 2019

Categories	Amount		Area	
	(RMB million)	%	(sq.m.)	%
Boutique Upscale Residences	22,674	62.6	1,976,468	61.6
Mid-to-high End Residences	8,868	24.5	954,343	29.7
Urban Complexes	4,668	12.9	277,553	8.7
Total	36,210	100.0	3,208,364	100.0

During the Reporting Period, the contracted sales contribution to the Group was mainly derived from sales in 17 cities, including Chengdu, Suzhou, Nanjing, Tianjin, Wuhan, Huizhou and Guilin, and also from approximately 40 projects, including Chengdu Jiatianxia, Huayang Jinjiang at Chengdu, Nanjing Jiatianxia, Suzhou Oriental Bay, Nanjing Xinian Center, Tianjin Jiatianxia and Guilin Lakeside Eden. The Group continued to extend its presence across the Guangdong-Hong Kong-Macao Greater Bay Area, Chengdu-Chongqing Metropolitan Area, Central China Metropolitan Area, Yangtze River Delta Metropolitan Area and Bohai Rim Metropolitan Area in order to continuously expand its vertical strategic move in each metropolitan area and focus on key cities to achieve sustainable development.

Breakdown of the Group's contracted sales in each region in 2019

Categories	Amount		Area	
	(RMB million)	%	(sq.m.)	%
Guangdong-Hong Kong-Macao Greater Bay Area	5,524	15.3	250,458	7.8
Chengdu-Chongqing Metropolitan Area	14,327	39.6	1,596,554	49.7
Central China Metropolitan Area	1,457	4.0	111,740	3.5
Yangtze River Delta Metropolitan Area	8,156	22.5	676,499	21.1
Bohai Rim Metropolitan Area	6,700	18.5	571,817	17.8
Overseas	46	0.1	1,295	0.1
Total	36,210	100.0	3,208,363	100.0

Guangdong-Hong Kong-Macao Greater Bay Area

As one of the most open and economically dynamic regions in China, Guangdong-Hong Kong-Macao Greater Bay Area has an important strategic position in China's overall development. In 2019, the Group closely followed the national strategy, sparing no effort to promote the project development in the Greater Bay Area at the critical moment when the construction of Guangdong-Hong Kong-Macao Greater Bay Area was fully launched. Seizing on the opportunity of urban renewal, the Group will extensively participate in the construction and development of the cities within the Greater Bay Area.

During the Reporting Period, the Group recorded total contracted sales of RMB5.524 billion and total contracted sales area of 250,458 sq.m. in Shenzhen, Huizhou and other cities in the Guangdong-Hong Kong-Macao Greater Bay Area, attributing to approximately 15.3% and 7.8% of the total contracted sales and total contracted sales area of properties of the Group respectively in 2019.

Chengdu-Chongqing Metropolitan Area

As an important economic hub in South-western China, the Chengdu-Chongqing Metropolitan Area shows its robust market demand for real estate and is one of the earliest important strategic markets of the Group. The Group has become one of the most influential brand developers in the region. In 2019, the Group continued to extend its presence in the Chengdu-Chongqing Metropolitan Area, and focused on building innovated prominent products, with Chengdu Jiastianxia, Chengdu Zhihui City, Huayang Jinjiang at Chengdu and other projects being well acclaimed in the local markets, thus achieving good sales performance.

During the Reporting Period, the Group recorded total contracted sales of RMB14.327 billion and total contracted sales area of 1,596,554 sq.m. in Chengdu, Ziyang, Kunming, Guilin and other cities in the Chengdu-Chongqing Metropolitan Area, attributing to approximately 39.6% and 49.7% of the total contracted sales and total contracted sales area of properties of the Group respectively in 2019.

Central China Metropolitan Area

As the geographical center of the country, Central China Metropolitan Area is increasingly becoming an important force for the rise of Central China with its advantages of convenient transportation and developed economy. In 2019, the Group actively promoted the development of new projects in the region, focused on product building and continued to improve its brand recognition and customer word of mouth in the regional market, laying a solid foundation for the Group's further development in the region.

During the Reporting Period, the Group recorded total contracted sales of RMB1.457 billion and total contracted sales area of 111,740 sq.m. in cities such as Wuhan in the Central China Metropolitan Area, attributing to approximately 4.0% and 3.5% of the total contracted sales and total contracted sales area of properties of the Group respectively in 2019.

Yangtze River Delta Metropolitan Area

The Yangtze River Delta Metropolitan Area is one of the most economically dynamic hubs in China. The Group has paid close attention to the core cities with high growing potential in the region for a long time. In 2019, the Group emphasized the construction of residential scenes based on user needs, satisfied the owners' yearning for better living standards, and launched boutique projects that fully reflected the characteristics of Fantasia to the market, thus achieving remarkable market influence.

During the Reporting Period, the Group recorded total contracted sales of RMB8.156 billion and total contracted sales area of 676,499 sq.m. in Suzhou, Nanjing and other cities in the Yangtze River Delta Metropolitan Area, attributing to approximately 22.5% and 21.1% of the total contracted sales and total contracted sales area of properties of the Group respectively in 2019.

Bohai Rim Metropolitan Area

Bohai Rim Metropolitan Area is the most important economic hub in Northern China, playing an agglomeration, radiation, service and mobilization role in the national and regional economy and possessing great development potential. In 2019, in line with the regional development trend, the Group rapidly promoted the project progress in the region, and achieved accelerated project turnover by commencing sales of the Tianjing Nanhu Jinshanghua Project within 6 months after acquisition of the land, therefore delivering good results.

During the Reporting Period, the Group recorded total contracted sales of RMB6.7 billion and total contracted sales area of 571,817 sq.m. in Tianjin, Shijiazhuang and other cities in the Bohai Rim Metropolitan Area, attributing to approximately 18.5% and 17.8% of the total contracted sales and total contracted sales area of properties of the Group respectively in 2019.

Newly Commenced Projects

During the Reporting Period, the Group commenced development of 14 projects or phases of projects with a total planned GFA of approximately 1,878,631 sq.m..

Breakdown of newly commenced projects in 2019

Project serial number	Project name	Project location	Nature of land	Company's interest	Expected completion date	GFA of newly commenced projects (sq.m.)
Chengdu-Chongqing Metropolitan Area						
1	Chengdu Zhihui City	Chongzhou, Chengdu	Residential land use	80%	2021	44,746
2	Chengdu Grande Valley	Pujiang County, Chengdu	Residential land use	70%	2021	231,796
3	Chengdu Jiatianxia	Shuangliu District, Chengdu	Residential land use	55%	Completion by phases between 2020 and 2023	196,213
4	Kunming Lakeside Eden	Taiping New Town, Kunming	Residential land use	63%	2021	285,771
5	Guilin Lakeside Eden	Lingui District, Guilin	Residential land use	70%	2022	135,493
Yangtze River Delta Metropolitan Area						
6	Shanghai Guobang Garden	Xuhui District, Shanghai	Commercial land use	100%	2020	6,627
Central China Metropolitan Area						
7	Wuhan Huahaoyuan	Jiang'an District, Wuhan	Residential and commercial land use	100%	2021	190,902
8	Wuhan Gedian Jianshan	Gedian Hi-tech District, Wuhan	Residential and commercial land use	100%	2022	268,668
9	Wuhan Hankou Xingfu Wanxiang	Jiang'an District, Wuhan	Commercial land use	30.6%	2020	52,152
10	Wuhan Blue Sky	Dongxihu District, Wuhan	Residential and commercial land use	55%	2021	184,809
Bohai Rim Metropolitan Area						
11	Baoding Mancheng	Mancheng District, Baoding	Residential land use	51%	2021	64,525
12	Tianjin Love Forever	Wuqing District, Tianjin	Residential land use	60%	2021	49,804
13	Tianjin Jinshanghua (originally known as Tianjin Nanhu Project)	Wuqing District, Tianjin	Residential land use	100%	2021	129,086
14	Zhangjiakou Xingfu Wanxiang (originally known as Zhangjiakou Huailai Project)	Huailai County, Zhangjiakou	Commercial service land use	55%	2021	38,039

Completed Projects

During the Reporting Period, the Group completed a total of 12 projects or phases of projects with a total GFA of approximately 2,048,843 sq.m..

Breakdown of completed projects in 2019

Economic Region	Completed GFA (sq.m.)
Guangdong-Hong Kong-Macao Greater Bay Area	235,716
Chengdu-Chongqing Metropolitan Area	1,487,422
Central China Metropolitan Area	235,746
Yangtze River Delta Metropolitan Area	89,960

Projects Under Construction

During the Reporting Period, the Group had 34 projects or phases of projects under construction with a total GFA of 7,329,300 sq.m.

Breakdown of projects under construction in 2019

Project serial number	Project name	Project location	Nature of land	Company's interest	Expected completion date	GFA under construction (sq.m.)
Guangdong-Hong Kong-Macao Greater Bay Area						
1	Shenzhen Jiastianxia	Dapeng New District, Shenzhen	Residential and commercial land use	10%	Completion by phases between 2020 and 2021	262,930
2	Huizhou Huahaoyuan	Huiyang District, Huizhou	Residential and commercial land use	100%	2020	80,396
3	Huizhou Jiastianxia	Huiyang District, Huizhou	Residential and commercial land use	100%	2020	241,091
Chengdu-Chongqing Metropolitan Area						
4	Chengdu Grande Valley	Pujiang County, Chengdu	Residential land use	70%	Completion by phases between 2020 and 2021	341,246
5	Chengdu Dragon Era International Center	Pidu District, Chengdu	Commercial land use	100%	2020	63,449
6	Chengdu Xiangmendi (southern zone)	Pidu District, Chengdu	Residential and commercial land use	100%	2020	353,631
7	Chengdu Xiangmendi (western zone)	Pidu District, Chengdu	Residential and commercial land use	50%	2021	109,662
8	Chengdu Zhihui City	Chongzhou, Chengdu	Residential and commercial land use	80%	Completion by phases between 2020 and 2021	707,510
9	Chengdu Kanjinzhao	Xinjin County, Chengdu	Residential and commercial land use	100%	2021	134,060

Project serial number	Project name	Project location	Nature of land	Company's interest	Expected completion date	GFA under construction (sq.m.)
10	Chengdu Ji Tianxia	Shuangliu District, Chengdu	Residential and commercial land use	55%	Completion by phases between 2020 and 2021	724,672
11	Chengdu Qingbaijiang Jiangshan	Qingbaijiang District, Chengdu	Residential and commercial land use	100%	2021	251,486
12	Ziyang Love Forever	Yanjiang District, Ziyang	Residential and commercial land use	91%	2020	241,227
13	Kunming Lakeside Eden	Taiping New Town, Kunming	Residential land use	63%	Completion by phases between 2020 and 2021	285,771
14	Land I of Guilin Lakeside Eden	Lingui District, Guilin	Residential and commercial land use	70%	Completion by phases between 2020 and 2022	392,930
15	Land H of Guilin Lakeside Eden	Lingui District, Guilin	Residential and commercial land use	100%	Completion by phases between 2021 and 2022	248,680
16	Land D2 of Guilin Lakeside Eden	Lingui District, Guilin	Residential and commercial land use	70%	Completion in 2022	135,493
17	Land F of Guilin Lakeside Eden	Lingui District, Guilin	Residential and commercial land use	70%	Completion in 2020	121,770
Central China Metropolitan Area						
18	Wuhan Guanggu Love Forever	Gedian Development District, Wuhan	Residential and commercial land use	10%	2020	191,939
19	Wuhan Huahaoyuan	Jiang'an District, Wuhan	Residential and commercial land use	100%	2021	190,902
20	Wuhan Gedian Jianshan	Gedian Hi-tech District, Wuhan	Residential and commercial land use	100%	2022	268,668
21	Wuhan Hankou Xingfu Wanxiang	Jiang'an District, Wuhan	Commercial land use	30.6%	2020	52,152
22	Wuhan Blue Sky	Dongxihu District, Wuhan	Residential and commercial land use	55%	2021	184,809
Yangtze River Delta Metropolitan Area						
23	Lishui Ji Tianxia	Lishui Economic Development District, Nanjing	Residential and commercial land use	100%	2020	316,507
24	Nanjing Gaochun Love Forever	Gaochun District, Nanjing	Residential and commercial land use	100%	2020	165,801
25	Hangzhou 360 Project	Gongshu District, Hangzhou	Industrial land use	49%	2021	233,911
26	Suzhou Oriental Bay (Taihu Tiancheng)	Taihu National Tourism Vacation Zone, Suzhou	Residential land use	43%	2020	137,381
27	Cixi Seasonal Mansion Project	Cixi, Ningbo	Residential land use	11%	2020	253,594
28	Shanghai Guobang Garden	Xuhui District, Shanghai	Commercial land use	100%	2020	6,627

Project serial number	Project name	Project location	Nature of land	Company's interest	Expected completion date	GFA under construction (sq.m.)
Bohai Rim Metropolitan Area						
29	Tianjin Jiatianxia	Wuqing District, Tianjin	Residential land use	60%	Completion by phases between 2020 and 2021	326,792
30	Tianjin Love Forever	Wuqing District, Tianjin	Residential land use	60%	2021	49,804
31	Tianjin Jinshanghua (originally known as Tianjin Nanhu Project)	Wuqing District, Tianjin	Residential land use	100%	2021	129,086
32	Baoding Mancheng	Mancheng District, Baoding	Residential land use	51%	2021	64,525
33	Zhangjiakou Xingfu Wanxiang (originally known as Zhangjiakou Huailai Project)	Huailai County, Zhangjiakou	Commercial service land use	55%	2021	38,039
Overseas						
34	Parkwood Collection	Singapore	Residential land use	40%	2021	22,759

Projects Held for Development

During the Reporting Period, the Group had 19 projects or phases of projects held for development with a total GFA of approximately 3,927,570 sq.m..

Breakdown of projects held for development in 2019

Project serial number	Project name	Project location	Nature of land	Company's interest	GFA of projects held for development (sq.m.)
Guangdong-Hong Kong-Macao Greater Bay Area					
1	Pingshan Good Time (Formerly known as Phase 1 of Pingshan World Plastic Plant Project)	Pingshan District, Shenzhen	Residential and commercial land use	50%	335,071
2	Huizhou Kangcheng Siji	Zhongkai District, Huizhou	Residential and commercial land use	100%	76,259
3	Huizhou Jiatianxia	Huiyang District, Huizhou	Residential and commercial land use	100%	33,317

Project serial number	Project name	Project location	Nature of land	Company's interest	GFA of projects held for development (sq.m.)
Chengdu-Chongqing Metropolitan Area					
4	Chengdu Grande Valley	Pujiang County, Chengdu	Residential land use	70%	594,777
5	Chengdu Mont Conquerant	Xinjin County, Chengdu	Residential and commercial land use	100%	130,642
6	Chengdu Qingbaijiang Jiangshan	Qingbaijiang District, Chengdu	Residential and commercial land use	100%	213,152
7	Ziyang Love Forever	Yanjiang District, Ziyang	Residential and commercial land use	91%	283,468
8	Kunming Lakeside Eden	Taiping New Town, Kunming	Residential land use	63%	677,202
9	Lands G and A2 of Guilin Lakeside Eden	Lingui District, Guilin	Residential and commercial land use	100%	189,337
Central China Metropolitan Area					
10	Wuhan Hanzheng Street	Qiaokou District, Wuhan	Residential and commercial land use	34.5%	329,914
11	Wuhan Jinshanghua	Jiang'an District, Wuhan	Residential and commercial land use	100%	60,368
12	Phase II of Jin Xiu Town	Hongshan District, Wuhan	Residential and commercial land use	50.1%	111,883
Yangtze River Delta Metropolitan Area					
13	Suzhou Taihu Tiancheng	Taihu National Tourism Vacation Zone, Suzhou	Hotel land use	100%	73,691
14	Hangzhou Bay Jingcheng Mingshi	Hangzhou Bay New District, Ningbo	Residential land use	90%	76,769
Bohai Rim Metropolitan Area					
15	Tianjin Love Forever	Wuqing District, Tianjin	Residential land use	60%	13,027
16	Tianjin Jinshanghua (originally known as Tianjin Nanhu Project)	Wuqing District, Tianjin	Residential land use	100%	7,031
17	Tianjin Yingcheng Lake Project	Hangu District, Tianjin	Residential, tourism and commercial land use	100%	168,339
18	Zhangjiakou Xingfu Wanxiang (originally known as Zhangjiakou Huailai Project)	Huailai County, Zhangjiakou	Commercial service land use	55%	489,583
19	Shijiazhuang Linghang Guoji	Yuhua District, Shijiazhuang	Commercial land use	51%	63,740

Land Bank

During the Reporting Period, the GFA of land bank for the Group's projects under construction and projects held for development amounted to approximately 11,256,870 sq.m..

DETAILS OF LAND BANK

Region	Projects under construction	Projects held for development	Aggregate GFA of land bank
	(sq.m.)	(sq.m.)	(sq.m.)
Guangdong-Hong Kong-Macao Greater Bay Area	584,417	444,647	1,029,064
Shenzhen	262,930	335,071	598,001
Huizhou	321,487	109,576	431,063
Chengdu-Chongqing Metropolitan Area	4,111,587	2,088,578	6,200,165
Chengdu	2,685,716	938,571	3,624,286
Ziyang	241,227	283,468	524,695
Kunming	285,771	677,202	962,973
Guilin	898,873	189,337	1,088,210
Central China Metropolitan Area	888,470	502,165	1,390,635
Wuhan	888,470	502,165	1,390,635
Yangtze River Delta Metropolitan Area	1,113,821	150,460	1,264,281
Nanjing	482,308	–	482,308
Hangzhou	233,911	–	233,911
Suzhou	137,381	73,691	211,072
Ningbo	253,594	76,769	330,363
Shanghai	6,627	–	6,627
Bohai Rim Metropolitan Area	608,246	741,720	1,349,966
Tianjin	505,682	188,397	694,079
Baoding	64,525	–	64,525
Shijiazhuang	–	63,740	63,740
Zhangjiakou	38,039	489,583	527,622
Overseas	22,759	–	22,759
Singapore	22,759	–	22,759
Total	7,329,300	3,927,570	11,256,870

COMMUNITY SERVICE

Colour Life, a subsidiary of the Group specialized in residential and community services, focused on driving its organic growth through reputation and branding. Meanwhile, with its outstanding property management experience, the newly engaged management area of Colour Life reached 22.6 million sq.m. during the Reporting Period, demonstrating the Group's core competitive strengths on service quality and market expansion. As at 31 December 2019, GFA under management contracts and consultancy service arrangements of Colour Life (hereafter referred to as the "Contracted GFA") reached 562.0 million sq.m. and the number of communities under the Colour Life's management and consultancy services contracts reached 2,863. In particular, as at 31 December 2019, the number of the Colour Life's revenue-bearing Contracted GFA reached 359.7 million sq.m. and the number of communities reached 2,321.

At the same time, Colour Life was actively building up an online platform for community services, and made the service coverage of Colour Life's online platform reaching more communities and families not yet able to enjoy the management services of Colour Life, by exporting its platform to its partners. As at 31 December 2019, the service area under Colour Life's platform reached 1,210.7 million sq.m., which includes 562.0 million sq.m. for Contracted GFA, 648.7 million sq.m. for cooperated and allied GFA, fully demonstrating the technological strengths of the online platform of Colour Life.

In 2019, while continuing to adhere to the concept of "providing home-resembled community service", Colour Life made great effort to provide residents with outstanding basic property management services, and enhanced the community cohesion through the humanistic activities. On the Second East Blink Day held in 2019, various activities were successfully carried out in over 200 communities managed by Colour Life in more than 100 cities across the country, with over 6 million homeowners' participation, which won wide recognition from the homeowners, effectively promoting harmony in communities.

Since the establishment of the community service platform, namely Caizhiyun, in 2013, Colour Life has continued to build a more open online ecosystem, enriched the products of the ecosystem and provided customers with more comprehensive and convenient services. In 2019, the introduction of JD.com and 360.com, two technology titans, as strategic shareholders of Colour Life marked a new milestone in the development of Colour Life. The “JX Business (京選業務)” co-launched by Colour Life and JD.com was successfully carried out in 2019, which gave full play to JD.com’s advantages in e-commerce resources and operational capabilities and Colour Life’s extensive offline community resources. In future, Colour Life will join hands with JD.com and 360.com to explore the innovative integrated business models of “community + commerce”, “community + logistics”, “community + security” and “community + technology”, so as to explore the community scenarios and optimize the experience of property owners, with an aim to build a smart caring community.

FINANCIAL REVIEW

Revenue

Revenue of the Group mainly consists of revenue derived from the (i) sales of developed properties, (ii) lease of investment properties, (iii) provision of property operation and (iv) provision of hotel accommodation services. For the year ended 31 December 2019, revenue of the Group amounted to approximately RMB19,082 million, representing an increase of 36.4% from approximately RMB13,986 million in 2018. Profit for the year attributable to the owners of the Company was approximately RMB874 million, representing an increase of 20.0% from approximately RMB728 million in 2018.

Property Development

The Company recognised revenue from the sales of properties when significant risks and rewards of ownership have been transferred to home buyers, i.e., when relevant property has been completed and the possession of the property delivered to home buyers. Revenue from property development represents proceeds from the sales of the Group’s properties held for sale. Revenue derived from property development increased by 54.6% to approximately RMB13,226 million in 2019 from approximately RMB8,555 million in 2018, which was primarily due to the property projects located in Chengdu and the Yangtze River Delta Area were completed and delivered during the year.

Property Investment

Revenue generated from property investment decreased by 20.9% to approximately RMB200 million in 2019 from approximately RMB253 million in 2018. Such decrease was primarily due to less area of investment properties leased externally.

Property Operation Services

Revenue derived from property operation services increased by 12.2% to approximately RMB4,666 million in 2019 from approximately RMB4,158 million in 2018. The increase was primarily due to the increase in both the managed GFA by the Group and the expansion of value-added services provided in 2019.

Hotel Operations

Revenue derived from hotel accommodation services decreased by 9.0% to approximately RMB123 million in 2019 from approximately RMB136 million in 2018.

Gross Profit and Margin

Gross profit increased by 27.6% to approximately RMB5,337 million in 2019 from approximately RMB4,184 million in 2018, while the Group's gross profit margin was 28.0% in 2019, representing a slight decrease as compared with last year.

Other Income, Gain and Losses

In 2019, the Group recorded other net gain of RMB1,329 million (2018: RMB712 million). Such a difference was mainly attributable to the remeasurement gains of the interests in joint ventures arising from disposal of partial equity interests in subsidiaries resulting in loss of control.

Selling and Distribution Expenses

The Group's selling and distribution expenses increased by 6.9% to approximately RMB470 million in 2019 from approximately RMB439 million in 2018. The increase was mainly due to the increase in advertising expenses for the property projects under pre-sale stage.

Administrative Expenses

The Group's administrative expenses decreased by 2.0% to approximately RMB1,362 million in 2019 from approximately RMB1,389 million in 2018. This decrease was mainly due to the Group's efforts at cost control.

Finance Costs

The Group's finance costs increased by 25.1% to approximately RMB1,832 million in 2019 from approximately RMB1,465 million in 2018. The increase in finance costs was mainly due to the increase in average financing costs.

Income Tax Expenses

The Group's income tax expenses increased by 22.0% to approximately RMB2,281 million in 2019 from approximately RMB1,869 million in 2018. The increase was in line with the increase in profit before taxation.

Profit Attributable to Owners of the Company

Profit attributable to owners of the Company increased by 20.0% from approximately RMB728 million in 2018 to approximately RMB874 million in 2019.

Liquidity, Financial and Capital Resources

Cash Position

As at 31 December 2019, the Group's bank balances and cash were approximately RMB23,044 million (2018: approximately RMB28,570 million), representing a decrease of 19.3% as compared to that as at 31 December 2018. A portion of the Group's cash is restricted bank deposits that are restricted for use of property development. These restricted bank deposits will be released upon completion of the development of the relevant properties in which such deposits are related to.

Net Gearing Ratio

The net gearing ratio was 73.5% as at 31 December 2019 as compared to 77.4% as at 31 December 2018, representing a decrease of 3.9 percentage points. The net gearing ratio was measured by net debt (total of borrowings, senior notes and bonds and asset-backed securities issued, net of bank balances and cash and restricted/pledged bank deposits) over total equity.

Borrowings and Charges on the Group's Assets

As at 31 December 2019, the Group had an aggregate borrowings, senior notes and bonds and asset-backed securities issued of approximately RMB13,985 million (31 December 2018: approximately RMB19,156 million), approximately RMB24,083 million (31 December 2018: approximately RMB24,208 million) and approximately RMB105 million (31 December 2018: RMB260 million), respectively. Amongst the borrowings, approximately RMB6,430 million (31 December 2018: approximately RMB7,960 million) will be repayable within one year, approximately RMB7,555 million (31 December 2018: approximately RMB11,196 million) will be repayable after one year. Amongst the senior notes and bonds, approximately RMB4,964 million (31 December 2018: approximately RMB6,398 million) will be repayable within one year and approximately RMB19,120 million (31 December 2018: approximately RMB17,810 million) will be repayable after one year.

As at 31 December 2019, a substantial part of the borrowings was secured by land use rights, properties, bank deposits and interest in a joint venture of the Group. The senior notes were jointly and severally guaranteed by certain subsidiaries of the Group through pledging their shares.

Exchange Rate Risk

The Group mainly operates its business in China. Other than the foreign currency denominated bank balances, borrowings, lease liabilities/obligations under finance leases and senior notes, the Group does not have any other material direct exposure to foreign exchange fluctuations. During 2019, the Group has adopted foreign currency hedging instruments to achieve better management over foreign exchange effect to its operation.

Commitments

As at 31 December 2019, the Group had committed payment for the construction and land development expenditure amounting to approximately RMB13,792 million (2018: RMB10,921 million).

Contingent Liabilities

As at 31 December 2019, the Group had provided guarantees amounting to approximately RMB12,483 million (2018: approximately RMB9,790 million) in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with accrued interests thereon and any penalty owed by the defaulted purchasers to banks. The Group is then entitled to take over the legal title of the related properties. The guarantee period commences from the dates of grant of the relevant mortgages loans and ends after the purchaser obtained the individual property ownership certificate. In the opinion of the Directors, the possibility of the default of the purchasers is remote and the fair value of guarantee contracts is insignificant at the inception and at the end of each reporting date.

Employees and Remuneration Policies

As at 31 December 2019, excluding the employees of communities managed on a commission basis, the Group had approximately 33,431 employees (31 December 2018: approximately 38,007 employees). Total staff costs, including the Directors' emoluments, for the year ended 31 December 2019 amounted to approximately RMB2,390 million (2018: approximately RMB1,812 million). Remuneration is determined with reference to the performance, skills, qualifications and experiences of the staff concerned and according to the prevailing industry practice. Besides salary payments, other staff benefits include contribution to the mandatory provident fund (for Hong Kong employees) and state-managed retirement pension scheme (for Chinese employees), a discretionary bonus program and a share option scheme.

The Company adopted the share option scheme on 27 October 2009. As at 31 December 2019, a total of 142,660,000 share options were granted and 4,204,000 (2018: 151,000) share options had lapsed while 4,726,000 (2018: 922,000) share options had been exercised during the year. As at 31 December 2019, the number of outstanding share options was 75,098,000.

DIVIDEND

The Directors recommended the payment of a final dividend at the rate of RMB5.00 cents per share, equivalent to HK5.50 cents payable on Friday, 24 July 2020, to all persons registered as holders of shares of the Company on Tuesday, 9 June 2020, subject to the approval of the shareholders at the forthcoming annual general meeting of the Company (the "AGM"). The aggregate amount shall be paid out of the Company's share premium account.

The proposed final dividend shall be declared in RMB and distributed in Hong Kong dollars. The final dividend to be distributed in Hong Kong dollars will be converted from RMB at the average median parity rate of RMB to Hong Kong dollars as announced by the People's Bank of China on 30 March 2020.

SUBSEQUENT EVENT

The outbreak of the 2019 Novel Coronavirus (“COVID-19”) in PRC and the subsequent quarantine measures imposed by the PRC government in early 2020 have had a negative impact on the operations of the Group to a certain extent since January 2020, as most of the Group’s operations are located in PRC and the major suppliers, contractors and customers of the Group are also located in PRC. The progress of the construction work of the property projects of the Group and the timing of the pre-sale of properties may be affected if the quarantine measures in different regions of PRC persisted in 2020.

The directors of the Company are still assessing the financial impact that the COVID-19 will have on the Group’s consolidated financial statements as at the date of this announcement.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed for the following periods:

- (a) For the purpose of determining shareholders of the Company who are entitled to attend and vote at the forthcoming AGM to be held on Friday, 29 May 2020, the register of members of the Company will be closed on Monday, 25 May 2020 to Friday, 29 May 2020, both days inclusive. In order to qualify for attending and voting at the AGM, all transfer documents should be lodged for registration with Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Friday, 22 May 2020.
- (b) For the purpose of determining shareholders of the Company who qualify for the final dividend, the register of members of the Company will be closed on Thursday, 4 June 2020 to Tuesday, 9 June 2020, both days inclusive. In order to qualify for the final dividend, all transfer documents should be lodged for registration with the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 3 June 2020.

ANNUAL GENERAL MEETING

The AGM will be held on Friday, 29 May 2020 and a notice convening the AGM will be published and dispatched in the manner as required by the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange in due course.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code (“Corporate Governance Code”) contained in Appendix 14 to the Listing Rules. For the period throughout the year ended 31 December 2019, the Board is of the view that the Company has complied with the code provisions under the Corporate Governance Code save and except for code provisions A.2.1 which will be explained below.

In respect of the code provision A.2.1 of the Corporate Governance Code, Mr. Pan Jun is the chairman of the Board and chief executive officer of the Company. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high caliber individuals and meets regularly to discuss issues affecting operations of the Company. The Board believes that this structure is conducive to strong and consistent leadership, enabling the Group to make and implement decisions promptly and efficiently. The Board has full confidence in Mr. Pan and believes that his appointment to the posts of chairman and chief executive officer is beneficial to the business prospects of the Company.

REVIEW OF ANNUAL RESULTS

The annual results of the Company for the year ended 31 December 2019 had been reviewed by the Audit Committee, which comprises of four independent non-executive Directors, namely, Mr. Ho Man, Dr. Liao Jianwen, Ms. Wong Pui Sze, Priscilla and Mr. Guo Shaomu.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules as the code of conduct regarding directors’ securities transactions. The Company has made specific enquiry with all the Directors and all the Directors confirmed that they have complied with the Model Code throughout the year ended 31 December 2019.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S SECURITIES

Issuance of Shares

On 29 July 2019, Colour Life Services Group Co., Limited (the “Colour Life”), a subsidiary of the Company, the shares of which are listed on the main board of the Stock Exchange, issued 71,149,000 new ordinary shares at the subscription price of HKD5.22 per share to JD.com, with total consideration of HKD371,397,780. The subscription price represented a discount of approximately 4.22% to the closing price of HKD5.45 as quoted on the Stock Exchange on 19 July 2019, being the date of the subscription agreement. Further details about the transaction are disclosed in the announcement of the Company dated 19 July 2019.

On 28 August 2019, Colour Life issued 22,956,000 new ordinary shares at the subscription price of HKD5.22 per share to 360.com at a total consideration of HKD119,830,320. The subscription price represented a discount of approximately 4.22% to the closing price of HKD5.45 as quoted on the Stock Exchange on 19 July 2019, being the date of the subscription agreement. Further details about the transaction are disclosed in the announcements of the Company dated 19 July 2019 and 23 August 2019 and the circular of the Company dated 8 August 2019.

Repurchase of shares under the Share Award Scheme

During the year ended 31 December 2019, total of 2,038,000 (2018: 1,597,000) Colour Life's shares were acquired by the Trustee for the Share Award Scheme at a consideration of RMB7,647,000 (2018: RMB5,585,000).

Senior Notes

On 31 January 2019, the Company issued additional 15% senior notes due 2021 with principal amount of USD100,000,000 (the "15% Additional Notes due 2021"), which is consolidated and form a single series with the 15% senior notes due 2021, for the purpose of refinancing certain of its existing indebtedness. Further details relating to the issue of the senior notes due 2021 are disclosed in the announcements dated 20 December 2018, 7 January 2019 and 8 February 2019 respectively.

On 11 March 2019, the Company issued senior notes due 2020 with principal amount of CNY1,000,000,000 at a coupon rate of 11.875% per annum (the "11.875% Original Notes due 2020") for the purposes of refinancing certain of its indebtedness. Further details relating to the issue of the 11.875% Original Notes due 2020 are disclosed in the announcements of the Company dated 13 March 2019.

On 17 April 2019, the Company issued senior notes due 2022 with principal amount of USD200,000,000 at a coupon rate of 11.75% per annum (the "11.75% Senior Notes due 2022") for the purposes of refinancing certain of its indebtedness. Further details relating to the issue of the Issuance of 11.75% Senior Notes due 2022 is disclosed in the announcement of the Company dated 23 April 2019.

On 3 July 2019, Fantasia Group (China) Company Limited ("Fantasia China"), a wholly-owned subsidiary of the Company established in the People's Republic of China, issued the first tranche of domestic corporate bonds (the "Corporate Bonds") for a term of three years with an issuance size of RMB800,000,000 and a coupon rate of 8.2% per annum. Further details relating to the result of issuance of the domestic corporate bonds is disclosed in the announcements dated 20 November 2018 and 4 July 2019.

On 15 July 2019, the Company redeemed in full the total outstanding principal amount and accrued interest of the US\$140,000,000 12% senior notes due 15 July 2019. The 2019 Notes were cancelled and delisted from the Singapore Exchange Securities Trading Limited.

On 15 July 2019, the Company intended to use the proceeds from its recent bonds issue to redeem the 10.75% senior notes due 2020. Further information is disclosed in the announcement of the Company dated 15 July 2019.

On 18 July 2019, the Company issued senior notes due 2022 with principal amount of USD200,000,000 (the “12.25% Notes due 2022”) for the purposes of refinancing certain of its indebtedness. Further details relating to the issue of the 12.25% Notes due 2022 are disclosed in the announcement dated 23 July 2019.

On 5 August 2019, the Company issued additional 11.75% senior notes due 2022 with principal amount of USD100,000,000 (the “11.75% Additional Notes due 2022”), which is consolidated and form a single series with the 11.75% Notes due 2022, for the purpose of refinancing certain of its existing indebtedness. Further details relating to the issue of the Notes due 2022 are disclosed in the announcements dated 17 April 2019 and 8 August 2019 respectively.

On 27 November 2019, the Company redeemed in full 10.75% senior notes due 2020.

On 18 November 2019, the Company issued additional 12.25% senior notes due 2022 with principal amount of USD150,000,000 (the “12.25% Additional Notes due 2022”), which is consolidated and form a single series with the 12.25% Original Notes due 2022, for the purpose of refinancing certain of its existing indebtedness. Further details relating to the issue of the Original Notes due 2022 are disclosed in the announcements dated 18 July 2019 and 19 November 2019 respectively.

On 27 November 2019, Fantasia China issued the second tranche of the Corporate Bonds for a term of three years, with an issuance size of RMB730,000,000 and a coupon rate of 7.8% per annum. Detailed information is disclosed in the announcements dated 20 November 2018, 4 July 2019 and 28 November 2019.

During the year ended 31 December 2019, the Company purchased in the open market (i) part of the outstanding US\$300,000,000 7.95% senior notes due 2022 (the “July 2022 Notes”) in an aggregate principal amount of approximately US\$1,500,000 (the “Repurchased July 2022 Notes”). The Repurchased July 2022 Notes represent approximately 0.5% of the initial principal amount of the July 2022 Notes; and (ii) part of the outstanding US\$200,000,000 11.75% senior notes due 2022 (the “April 2022 Notes”) in a principal amount of approximately US\$1,000,000 (the “Repurchased April 2022 Notes”). The Repurchased April 2022 Notes represent approximately 0.5% of the initial principal amount of the April 2022 Notes. Further details relating to the Repurchased July 2022 Notes and Repurchased April 2022 Notes are disclosed in the announcements dated 28 June 2017, 29 June 2017, 7 July 2017, 23 April 2019 and 28 June 2019.

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

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within knowledge of its directors at the date of this annual report, the Company has maintained sufficient public float throughout the year ended 31 December 2019.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This results announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.cnfantasia.com). The annual report of the Company for the year ended 31 December 2019 containing all the information required by the Listing Rules will be dispatched to the Company’s shareholders and published on the above websites in due course.

ACKNOWLEDGEMENT

The development of the Group was founded on the tremendous support from all parties in the society and the contributions of our dedicated staff. On behalf of the Board, the Company would like to take this opportunity to express its heartfelt thanks to all shareholders, investors, partners and customers for their trust and support. Looking forward, the Group will build a coordinated organic ecosphere based on the financial services and the Internet, actively promote the globalisation of our development strategies and step by step shift towards light asset based business. It will also gradually adopt an organisation structure that separates the operation of front and back offices and supervise their coordination, so as to establish itself as an integrated strategic investment holding group. The Group will adhere to the brand vision of “Fantasia Creates Value” and endeavour to create maximum value and best return for shareholders and investors.

On behalf of the Board
Fantasia Holdings Group Co., Limited
Pan Jun
Chairman

Hong Kong, 30 March 2020

As at the date of this announcement, the executive Directors are Mr. Pan Jun, Ms. Zeng Jie, Baby, Mr. Ke Kasheng, Mr. Zhang Huiming and Mr. Chen Xinyu; the non-executive Directors are Mr. Li Dong Sheng and Mr. Liao Qian; and the independent non-executive Directors are Mr. Ho Man, Dr. Liao Jianwen, Ms. Wong Pui Sze, Priscilla, JP and Mr. Guo Shaomu.