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LONGFOR GROUP HOLDINGS LIMITED

龍湖集團控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 960)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2019

FINANCIAL SUMMARY

- Contracted sales increased by 20.9% to RMB242.50 billion as compared with that of last year.
- Revenue increased by 30.4% to RMB151.03 billion as compared with that of last year, of which the rental income from the property investment business increased by 41.5% to RMB5.79 billion.
- Profit attributable to shareholders was RMB18.34 billion. Excluding effects, such as minority interests and valuation gains, core net profit increased by 21.0% to RMB15.55 billion as compared with that of last year. Gross profit increased by 28.5% year-on-year to RMB50.80 billion, gross profit margin was 33.6%. Core net profit margin was 15.5%, and core net profit margin attributable to shareholders was 10.3%.
- The net debt to equity ratio (net debt divided by total equity) was 51.0%. Cash in hand was RMB60.95 billion.
- Consolidated total borrowings was RMB146.00 billion and average cost of borrowing was 4.54% per annum. Average maturity period of loan was 6.04 years.
- Basic earnings per share were RMB3.13. Excluding effects, such as valuation gains, core earnings per share increased by 20.7% to RMB2.66 as compared with that of last year. The Board recommends a final dividend of RMB0.84 per share. Together with the interim dividend of RMB0.36 per share, the total dividend increased by 21.2% year-on-year to RMB1.20 per share.

ANNUAL RESULTS

The Board of Directors (the “Board”) of Longfor Group Holdings Limited (“Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended December 31, 2019 with comparative figures for the preceding financial year, are follow:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2019

	<i>NOTES</i>	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Revenue	2	151,026,432	115,798,460
Cost of sales		<u>(100,229,340)</u>	<u>(76,269,820)</u>
Gross profit		50,797,092	39,528,640
Other income	3	1,166,687	1,249,249
Other gains and losses	4	(233,730)	(285,873)
Lease liability charges		(576,455)	–
Fair value gain upon transfer to investment properties		141,256	1,158,861
Change in fair value of investment properties		3,593,396	3,542,993
Change in fair value of other derivative financial instruments		353,110	310,350
Selling and marketing expenses		(4,034,477)	(3,193,177)
Administrative expenses		(6,520,928)	(5,396,785)
Finance costs	5	(76,759)	(74,560)
Share of results of associates		585,822	189,220
Share of results of joint ventures		<u>766,200</u>	<u>454,084</u>
Profit before taxation		45,961,214	37,483,002
Income tax expense	6	<u>(19,408,749)</u>	<u>(16,592,313)</u>
Profit for the year	7	<u><u>26,552,465</u></u>	<u><u>20,890,689</u></u>
Profit attributable to:			
Owners of the Company		18,336,577	16,236,870
Non-controlling interests		<u>8,215,888</u>	<u>4,653,819</u>
		<u><u>26,552,465</u></u>	<u><u>20,890,689</u></u>

	<i>NOTES</i>	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Profit for the year		<u>26,552,465</u>	<u>20,890,689</u>
Other comprehensive income (expense):			
<i>Item that will not be reclassified to profit or loss</i>			
Fair value gain on investment in unlisted equity instruments at fair value through other comprehensive income		<u>–</u>	<u>281,193</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Net fair value gain on hedging instruments		500,072	111,832
Gain on hedging instruments reclassified to profit or loss		<u>(340,525)</u>	<u>(648,760)</u>
		<u>159,547</u>	<u>(536,928)</u>
		<u>159,547</u>	<u>(255,735)</u>
Total comprehensive income for the year		<u><u>26,712,012</u></u>	<u><u>20,634,954</u></u>
Total comprehensive income attributable to:			
Owners of the Company		18,496,124	15,981,135
Non-controlling interests		<u>8,215,888</u>	<u>4,653,819</u>
		<u><u>26,712,012</u></u>	<u><u>20,634,954</u></u>
Earnings per share, in RMB			
Basic	<i>9</i>	<u><u>3.13</u></u>	<u><u>2.78</u></u>
Diluted	<i>9</i>	<u><u>3.07</u></u>	<u><u>2.73</u></u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2019**

	<i>NOTES</i>	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
NON-CURRENT ASSETS			
Investment properties		130,804,011	84,409,540
Property, plant and equipment		1,982,193	3,365,689
Prepaid lease payments		–	16,518,641
Right-of-use assets		535,160	–
Intangible assets		66,710	–
Land use rights		–	414,360
Interests in associates		8,235,167	7,571,982
Interests in joint ventures		6,570,314	7,365,020
Equity instruments at fair value through other comprehensive income		1,420,202	734,265
Deposits paid for acquisition of land use rights		–	9,968,487
Derivative financial instruments		644,113	313,611
Deferred taxation assets		6,725,593	4,192,962
		<u>156,983,463</u>	<u>134,854,557</u>
CURRENT ASSETS			
Inventories of properties		331,391,372	246,562,069
Other inventories		581,456	826,649
Deposits paid for acquisition of properties held for development		5,200,886	–
Accounts and other receivables, deposits and prepayments	<i>10</i>	28,691,884	22,573,317
Amounts due from non-controlling interests		43,881,834	32,888,617
Amounts due from associates		9,070,311	6,876,577
Amounts due from joint ventures		10,450,049	12,835,904
Taxation recoverable		4,591,727	4,202,728
Financial assets at fair value through profit or loss		450,000	–
Pledged bank deposits		169,491	180,529
Bank balances and cash		60,782,375	45,083,066
		<u>495,261,385</u>	<u>372,029,456</u>

	<i>NOTES</i>	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
CURRENT LIABILITIES			
Accounts and bills payables, other payables and accrued charges	<i>11</i>	91,973,602	62,233,952
Contract liabilities		155,155,691	113,439,818
Amounts due to non-controlling interests		27,729,998	24,527,983
Amounts due to associates		6,990,797	8,945,018
Amounts due to joint ventures		8,845,022	7,173,139
Taxation payable		28,288,145	21,611,655
Lease liabilities		1,009,463	–
Bank and other borrowings – due within one year		13,927,462	11,743,175
Other derivative financial instruments		–	168,944
		<u>333,920,180</u>	<u>249,843,684</u>
NET CURRENT ASSETS		<u>161,341,205</u>	<u>122,185,772</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>318,324,668</u></u>	<u><u>257,040,329</u></u>
CAPITAL AND RESERVES			
Share capital		520,725	516,783
Reserves		93,435,586	81,144,649
Equity attributable to owners of the Company		93,956,311	81,661,432
Non-controlling interests		72,721,445	59,156,696
TOTAL EQUITY		<u>166,677,756</u>	<u>140,818,128</u>
NON-CURRENT LIABILITIES			
Lease liabilities		10,246,579	–
Bank and other borrowings – due after one year		117,378,159	99,456,124
Senior notes – due after one year		14,693,411	8,620,623
Derivative financial instruments		68,883	176,765
Other derivative financial instruments		14,780	221,728
Deferred taxation liabilities		9,245,100	7,746,961
		<u>151,646,912</u>	<u>116,222,201</u>
		<u><u>318,324,668</u></u>	<u><u>257,040,329</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

1. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

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

The Company and its subsidiaries (collectively referred to as the “Group”) has applied the following new and amendments to IFRSs and an interpretation issued by the International Accounting Standards Board (“IASB”) for the first time in the current year:

IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRS Standards 2015 – 2017 Cycle

Except as described below, the application of the new and amendments to IFRSs and the 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.

IFRS 16 Leases

The Group has applied IFRS 16 for the first time in the current year. IFRS 16 superseded IAS 17 *Leases* (“IAS 17”), and the related interpretations.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at January 1, 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at December 31, 2018 RMB’000	Adjustments RMB’000	Carrying amounts under IFRS 16 at January 1, 2019 RMB’000
Non-current Assets			
Property, plant and equipment	3,365,689	(1,955,781)	1,409,908
Prepaid lease payments (<i>Note i</i>)	16,518,641	(16,518,641)	–
Land use rights	414,360	(414,360)	–
Right-of-use assets	–	414,360	414,360
Investment properties (<i>Note i</i>)	84,409,540	18,224,596	102,634,136
Current Assets			
Inventories of properties (<i>Note i</i>)	246,562,069	8,706,685	255,268,754
Current Liabilities			
Lease liabilities	–	(703,059)	(703,059)
Non-current Liabilities			
Lease liabilities	–	(7,753,800)	(7,753,800)

Notes:

- (i) Upon application of IFRS 16, prepaid lease payments with undetermined use are classified as investment properties. Accordingly, prepaid lease payments of RMB7,811,956,000 has been reclassified to investment properties. The directors of the Group assessed the development plan for prepaid lease payments, and considered that prepaid lease payments, amounting to RMB8,706,685,000, is served as development for sales purpose, and are classified as properties held for development as at January 1, 2019.
- (ii) For the purpose of reporting cash flows from operating activities under indirect method for the year ended December 31, 2019, movements in working capital have been computed based on opening consolidated statement of financial position as at January 1, 2019 as disclosed above.

2. SEGMENT INFORMATION

The Group determines its operating segments based on internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (i.e., the executive directors of the Company) in order to allocate resources to the segment and to assess its performance.

The Group is organised into business units based on their types of activities, based on which information is prepared and reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of performance. The Group's operating segments under IFRS 8 *Operating Segments* are identified as three main operations:

- Property development: this segment represents the development and sales of office and commercial premises and residential properties. All of the Group's activities in this regard are carried out in the PRC.
- Property investment: this segment represents the lease of investment properties, which are self-developed or under subleases by the Group to generate rental income and to gain from the appreciation in the properties' values in the long term. Currently the Group's investment property portfolio mainly comprises shopping malls and rental housing and are all located in the PRC.
- Property management and related services and others: this segment mainly represents the income generated from property management and related services, hotel operation and others. Currently the Group's activities in this regard are carried out in the PRC.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Company's executive directors monitor the revenue, results, assets and liabilities attributable to each operating segment on the following bases:

Segment assets include all tangible assets, intangible assets and current assets directly attributable to each segment with the exception of deposits paid for acquisition of properties held for development, interests in associates and joint ventures, equity instruments at fair value through other comprehensive income ("FVTOCI"), deferred taxation assets, taxation recoverable, derivative financial instruments, financial assets at fair value through profit or loss ("FVTPL") and other corporate assets. Other corporate assets are not allocated to the operating segments because they are head office assets or assets which are managed centrally by the Group. The investment properties included in segment assets are stated at cost when assessed by the chief operating decision maker. Segment liabilities include accounts and bills payables and accrued expenditure on construction, lease liabilities and contract liabilities but exclude taxation payable, deferred taxation liabilities, bank and other borrowings, senior notes, derivative financial instruments, other derivative financial instruments and other corporate liabilities. Other corporate liabilities are not allocated to the operating segment because they are head office liabilities or liabilities which are managed on a group basis.

Revenue and expenses are allocated to the operating segments with reference to sales generated by those segments and the expenses incurred by those segments. Segment profit does not include the Group's share of results arising from the activities of the Group's associates and joint ventures.

The measure used for reporting segment profit is adjusted earnings before interest, other gains and losses, taxes, depreciation, share of results of associates and joint ventures, change in fair value of investment properties and upon transfer to investment properties, change in fair value of other derivative financial instruments and finance costs ("Adjusted Earnings"), where "interest" includes investment income and "depreciation" includes impairment losses on non-current assets. To arrive at Adjusted Earnings of each segment, the segment earnings are further adjusted for items not specifically attributed to individual segments, such as directors' emoluments, auditor's remuneration and other head office or corporate administration costs.

For the measurement of segment assets and results, property, plant and equipment, land use rights and right-of-use assets are allocated to segments while their corresponding depreciation and amortisation are not allocated to segments.

In addition to receiving segment information concerning segment profit, management is provided with segment information concerning revenue (including inter-segment sales) and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar service.

Information regarding the Group's operating and reportable segments is set out below.

	Year ended December 31, 2019			Total RMB'000
	Property development RMB'000	Property investment RMB'000	Property management and related services and others RMB'000	
Revenue from external customers				
Recognised at a point in time	120,539,767	–	–	120,539,767
Recognised over time	20,253,469	5,789,150	4,444,046	30,486,665
Inter-segment revenue	–	–	715,165	715,165
Segment revenue	<u>140,793,236</u>	<u>5,789,150</u>	<u>5,159,211</u>	<u>151,741,597</u>
Segment profit (Adjusted Earnings)	<u>40,997,197</u>	<u>3,838,157</u>	<u>1,350,806</u>	<u>46,186,160</u>
Segment assets	348,103,914	110,242,825	1,905,105	460,251,844
Segment liabilities	<u>225,378,067</u>	<u>15,123,893</u>	<u>97,253</u>	<u>240,599,213</u>

	Year ended December 31, 2018			Total RMB'000
	Property development RMB'000	Property investment RMB'000	Property management and related services and others RMB'000	
Revenue from external customers				
Recognised at a point in time	99,325,174	–	–	99,325,174
Recognised over time	9,394,193	4,090,465	2,988,628	16,473,286
Inter-segment revenue	–	–	275,350	275,350
Segment revenue	<u>108,719,367</u>	<u>4,090,465</u>	<u>3,263,978</u>	<u>116,073,810</u>
Segment profit (Adjusted Earnings)	<u>33,050,444</u>	<u>2,486,617</u>	<u>798,402</u>	<u>36,335,463</u>
Segment assets	269,553,969	57,071,210	1,460,156	328,085,335
Segment liabilities	<u>158,080,814</u>	<u>1,002,344</u>	<u>92,701</u>	<u>159,175,859</u>

Other segment information

	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Property management and related services and others <i>RMB'000</i>	Total <i>RMB'000</i>
Amounts included in the measure of segment assets:				
2019				
Additions to non-current assets (<i>Note</i>)	158,100	19,703,187	153,960	20,015,247
2018				
Additions to non-current assets (<i>Note</i>)	151,961	8,462,606	326,653	8,941,220

Note: Amounts represent additions to investment properties, property, plant and equipment and right-of-use assets.

In addition to receiving segment information concerning segment profit, the chief operating decision maker is provided with information concerning the Group's consolidated amount of interests in associates and related share of results, interests in joint ventures and related share of results, change in fair value of investment properties and upon transfer to investment properties, change in fair value of other derivative financial instruments, other income, other gains and losses, finance costs from borrowings, depreciation and amortisation and impairment losses (if any) which are not allocated to operating segments.

(b) Reconciliations of segment revenues, profit or loss, assets and liabilities

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Revenue		
Segment revenue	151,741,597	116,073,810
Elimination of inter-segment revenue	(715,165)	(275,350)
Consolidated revenue	<u>151,026,432</u>	<u>115,798,460</u>
Profit		
Segment profit	46,186,160	36,335,463
Other income	1,166,687	1,249,249
Other gains and losses	(233,730)	(285,873)
Fair value gain upon transfer to investment properties	141,256	1,158,861
Change in fair value of investment properties	3,593,396	3,542,993
Change in fair value of other derivative financial instruments	353,110	310,350
Finance costs	(76,759)	(74,560)
Share of results of associates	585,822	189,220
Share of results of joint ventures	766,200	454,084
Depreciation and amortisation	(142,321)	(222,685)
Unallocated expenses	(6,378,607)	(5,174,100)
Consolidated profit before taxation	<u>45,961,214</u>	<u>37,483,002</u>

	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Assets		
Segment assets	460,251,844	328,085,335
Cumulative change in fair value of investment properties	33,800,942	30,066,290
Prepaid lease payments	–	16,518,641
Interests in associates	8,235,167	7,571,982
Interests in joint ventures	6,570,314	7,365,020
Equity instruments at FVTOCI	1,420,202	734,265
Deposits paid for acquisition of land use rights	–	9,968,487
Deposits paid for acquisition of properties held for development	5,200,886	–
Deferred taxation assets	6,725,593	4,192,962
Derivative financial instruments	644,113	313,611
Taxation recoverable	4,591,727	4,202,728
Financial assets at FVTPL	450,000	–
Unallocated head office and other assets	124,354,060	97,864,692
	<u>652,244,848</u>	<u>506,884,013</u>
Consolidated total assets	<u>652,244,848</u>	<u>506,884,013</u>
Liabilities		
Segment liabilities	240,599,213	159,175,859
Taxation payable	28,288,145	21,611,655
Deferred taxation liabilities	9,245,100	7,746,961
Bank and other borrowings	131,305,621	111,199,299
Senior notes	14,693,411	8,620,623
Derivative financial instruments	68,883	176,765
Other derivative financial instruments	14,780	390,672
Unallocated head office and other liabilities	61,351,939	57,144,051
	<u>485,567,092</u>	<u>366,065,885</u>
Consolidated total liabilities	<u>485,567,092</u>	<u>366,065,885</u>

(c) **Revenue from major product and services**

The following is an analysis of the Group's revenue from its properties sold, properties self-developed or under subleases for investment and services provided:

	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Sales of properties		
Recognised at a point in time	120,539,767	99,325,174
Recognised over time	20,253,469	9,394,193
	<u>140,793,236</u>	<u>108,719,367</u>
Revenue from property management and related services and others – recognised over time	4,444,046	2,988,628
Revenue from contract with customers	145,237,282	111,707,995
Rental income	5,789,150	4,090,465
	<u>151,026,432</u>	<u>115,798,460</u>
Total revenue	<u>151,026,432</u>	<u>115,798,460</u>

(d) **Geographical information**

The following table sets out information about the Group's revenue from external customers by cities in the PRC, based on the location at which the properties are sold, properties are self-developed or under subleases for investment and services are provided. Information about its non-current assets is analysed by geographical location of assets.

	Revenue from external customers		Non-current assets	
	2019 RMB'000	2018 RMB'000	2019 RMB'000	2018 RMB'000
Beijing	5,564,861	6,704,914	14,767,340	18,981,509
Chengdu	13,476,132	9,184,391	17,655,927	13,871,412
Chongqing	30,052,573	17,443,625	27,686,139	31,861,763
Hangzhou	12,182,167	19,737,654	16,431,695	14,514,373
Jinan	13,928,125	5,907,623	68,631	86,033
Ningbo	5,699,706	7,788,665	930,000	673,298
Qingdao	8,541,821	5,680,719	984,547	1,481,045
Shanghai	3,975,358	7,283,928	14,644,518	12,935,559
Shenyang	6,403,504	4,976,246	5,791	69,994
Sunan	6,913,374	4,244,701	1,132,986	7,688,005
Xiamen	6,032,060	8,193,986	2,413,117	2,829,651
Xi'an	3,117,919	3,923,352	1,847,721	1,588,284
Other cities in the PRC	35,138,832	14,728,656	49,625,143	23,032,793
	<u>151,026,432</u>	<u>115,798,460</u>	<u>148,193,555</u>	<u>129,613,719</u>

Note: Non-current assets excluded financial instruments and deferred taxation assets.

No revenue from transaction with a single external customer amounts to 10% or more of the Group's revenue.

3. OTHER INCOME

	2019	2018
	<i>RMB' 000</i>	<i>RMB' 000</i>
Interest income	709,372	572,183
Government subsidies (<i>Note a</i>)	46,330	29,829
Penalty income (<i>Note b</i>)	97,571	131,289
Consultancy income (<i>Note c</i>)	152,360	470,960
Sundry income	161,054	44,988
	<u>1,166,687</u>	<u>1,249,249</u>

Notes:

- (a) The amount represents the grants received from the relevant PRC government to encourage the investments in specific regions. The subsidies are unconditional and granted on a discretionary basis to the Group during the year.
- (b) It represents penalty received from property buyers who did not execute sales and purchase agreements on property sales or from tenants who early terminated tenancy agreements.
- (c) The amount represents the consultancy services provided to the Group's joint ventures and associates and independent third parties in relation to the property development projects and digital technology services.

4. OTHER GAINS AND LOSSES

	2019	2018
	<i>RMB' 000</i>	<i>RMB' 000</i>
Loss on disposal of property, plant and equipment	(4,873)	(409)
Net exchange losses (<i>Note</i>)	(568,875)	(823,433)
Reclassification of fair value gain of hedging instruments from hedging reserve	340,525	648,760
Loss on early redemption of senior notes	–	(110,791)
Others	(507)	–
	<u>(233,730)</u>	<u>(285,873)</u>

Note: It represents exchange difference arising from the translation of bank balances, bank borrowings and senior notes denominated in foreign currencies of Hong Kong Dollar (“HKD”) or United States Dollar (“USD”).

5. FINANCE COSTS

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Interest on bank and other borrowings		
Wholly repayable within five years	(5,046,349)	(3,448,133)
Not wholly repayable within five years	(1,099,163)	(1,031,613)
Interest expense on senior notes	<u>(442,283)</u>	<u>(418,016)</u>
	(6,587,795)	(4,897,762)
Less: Amount capitalised to properties under development for sales and investment properties under development	<u>6,511,036</u>	<u>4,823,202</u>
	<u><u>(76,759)</u></u>	<u><u>(74,560)</u></u>

Borrowing costs capitalised arose on the general borrowing pool of the Group and were calculated by applying a capitalisation rate of 4.70% (2018: 4.81%) per annum for the year ended December 31, 2019, to expenditure on the qualifying assets.

6. INCOME TAX EXPENSE

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Current tax		
PRC Enterprise Income Tax ("EIT")	(10,163,110)	(7,741,254)
Withholding tax on distributed earnings	(588,423)	(133,665)
LAT	<u>(10,325,402)</u>	<u>(8,625,483)</u>
	(21,076,935)	(16,500,402)
Overprovision in prior years:		
EIT (<i>Note a</i>)	125,258	85,536
LAT (<i>Note b</i>)	<u>636,100</u>	<u>307,280</u>
	761,358	392,816
Deferred taxation		
Current year	<u>906,828</u>	<u>(484,727)</u>
	<u><u>(19,408,749)</u></u>	<u><u>(16,592,313)</u></u>

Notes:

- (a) The assessment and computation of EIT payable in respect of certain subsidiaries which held completed property projects were finalised which differed from the management's estimation on EIT in prior years, resulting in an overprovision of EIT in respect of prior years.
- (b) The actual appreciation value of several property projects had been finalised and the development plan for certain property projects had been revised in which the revised estimated or final appreciation value was different with the appreciation value made in prior years, resulting in an overprovision of LAT in respect of prior years.

No provision for Hong Kong Profits Tax has been made as the Group does not have income which arises in, or is derived from, Hong Kong.

Under the Law of the PRC on EIT (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

Certain of the Company’s subsidiaries operating in the PRC are eligible for exemption from PRC EIT for both years.

7. 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):		
Auditor’s remuneration	7,807	6,659
Cost of property inventories included in cost of sales	95,649,911	72,576,986
Depreciation of property, plant and equipment	130,758	202,438
Depreciation of right-of-use assets	11,563	–
Amortisation of land use rights	–	20,247
Staff costs		
Directors’ emoluments (including equity-settled share-based payments)	124,521	108,181
Other staff costs		
Retirement benefit contributions	555,496	441,390
Equity-settled share-based payments	253,504	272,745
Other staff costs	4,748,679	4,166,292
Total staff costs	5,682,200	4,988,608
Less: Amount capitalised to properties under development	(1,431,688)	(1,190,917)
	<u>4,250,512</u>	<u>3,797,691</u>
Minimum lease income from investment properties	(5,433,808)	(3,769,985)
Contingent rental income	(355,342)	(320,480)
Less: direct expenses that generated rental income	1,303,672	1,436,214
	<u>(4,485,478)</u>	<u>(2,654,251)</u>

8. DIVIDENDS

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Dividends recognised as distribution during the year:		
Interim dividend recognised in respect of 2019 of RMB0.36 (2018: RMB0.3) per share	2,145,338	1,781,855
Final dividend paid in respect of 2018 of RMB0.69 (2018: in respect of 2017 of RMB0.473) per share	4,111,731	2,805,049
Special dividend paid in respect of 2018 of Nil (2018: in respect of 2017 of RMB0.085) per share	—	504,079
	<u>6,257,069</u>	<u>5,090,983</u>

Subsequent to the end of the reporting period, a final dividend of RMB5,025,813,000, representing RMB0.84 per share, based on the number of shares in issue as at December 31, 2019, in respect of the year ended December 31, 2019 (2018: final dividend of RMB4,097,545,000, representing RMB0.69 per share, in respect of the year ended December 31, 2018) has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming Annual General Meeting.

9. 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 <i>RMB'000</i>	2018 <i>RMB'000</i>
Earnings attributable to the owners of the Company for the purposes of calculation of basic and diluted earnings per share	<u>18,336,577</u>	<u>16,236,870</u>
	2019 <i>'000</i>	2018 <i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of calculation of basic earnings per share	5,859,146	5,843,544
Effect of dilutive potential ordinary shares in respect of – Share options and share awards	<u>119,677</u>	<u>112,041</u>
Weighted average number of ordinary shares for the purpose of calculation of diluted earnings per share	<u>5,978,823</u>	<u>5,955,585</u>

The weighted average number of ordinary shares adopted in the calculation of basic and diluted earnings per share for both years have been arrived at after deducting the shares held in trust for the Company by an independent trustee under the share award scheme of the Company.

10. ACCOUNTS AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2019 RMB'000	2018 RMB'000
Trade receivables (<i>Note a</i>)		
– Contract with customers	3,052,232	2,477,415
– Rental	67,340	83,284
	<u>3,119,572</u>	<u>2,560,699</u>
Other receivables, net of allowance for doubtful debts (<i>Note b</i>)	8,290,142	5,682,971
Advances to contractors	2,333,881	2,074,294
Prepaid value added tax and other taxes	13,657,455	9,360,560
Prepayments and utilities deposits (<i>Note c</i>)	1,290,834	2,894,793
	<u>28,691,884</u>	<u>22,573,317</u>

Notes:

- (a) Trade receivables are mainly arisen from sales of properties and properties investment. Considerations in respect of sales of properties are paid by customers in accordance with the terms of the related sales and purchase agreements. For properties investment, rental income are paid by tenants within two months from invoice date in accordance with the terms in the tenancy agreements.

The following is an aged analysis of trade receivables presented based on dates of delivery of goods or date of invoice.

	2019 RMB'000	2018 RMB'000
Within 60 days	2,902,868	2,178,339
61 – 180 days	28,343	325,067
181 – 365 days	183,650	47,456
1 – 2 years	4,711	9,837
	<u>3,119,572</u>	<u>2,560,699</u>

As at December 31, 2019, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB3,002,560,000 (2018: RMB2,474,798,000) which are past due as at the reporting date. Out of the past due balances, RMB216,704,000 (2018: RMB382,360,000) had been past due 90 days or more and are not considered as in default as those balances are mainly with those banks with good credit quality and pending for completing their mortgage procedures.

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated.

- (b) Other receivables mainly comprise rental deposits, receivables of refund of the deposits for land auction, deposits for construction work, temporary payments and miscellaneous project-related deposits paid which are refundable within one year.
- (c) Included in the prepayments and utilities deposits, there are payments mainly for the properties held for development amounting to RMB1,282,355,000 (2018: RMB2,892,098,000) which are paid on behalf of certain entities which the Group potentially invests in them ("potential investees"). In the opinion of the directors, such payments are prepayment for property development projects for those potential investees.

11. ACCOUNTS AND BILLS PAYABLES, OTHER PAYABLES AND ACCRUED CHARGES

	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables and accrued expenditure on construction (<i>Note a</i>)	73,576,157	44,768,028
Bills payables (<i>Note a</i>)	<u>611,323</u>	<u>968,013</u>
	74,187,480	45,736,041
Dividend payables	2,145,338	1,781,855
Other payables and accrued charges (<i>Note b</i>)	10,739,300	10,400,624
Value added tax payables	4,861,484	3,105,360
Consideration payable within 1 year for acquisition of assets and liabilities through acquisition of subsidiaries	<u>40,000</u>	<u>1,210,072</u>
	<u><u>91,973,602</u></u>	<u><u>62,233,952</u></u>

Notes:

- (a) Trade and bills payables and accrued expenditure on construction comprise construction costs and other project-related expenses which are payable based on project progress certified by the Group. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

The following is an aged analysis of trade and bills payables, based on the invoice date and issuance date of each bill, at the end of the reporting period:

	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Within 60 days	24,400,737	20,868,583
61 – 180 days	19,090,592	8,966,617
181 – 365 days	15,180,713	6,333,705
1 – 2 years	2,897,771	2,147,504
2 – 3 years	645,589	460,323
Over 3 years	<u>211,014</u>	<u>185,130</u>
	<u><u>62,426,416</u></u>	<u><u>38,961,862</u></u>

- (b) Other payables and accrued charges comprise mainly tax received and payable to the government on behalf of customers, receipt on behalf of certain entities from potential investment partners, accrued salaries and accrued staff welfare.

CHAIRMAN'S STATEMENT

It is my pleasure to present to the shareholders the business review and outlook of Longfor Group Holdings Limited (the "Company", together with its subsidiaries, the "Group") for the year ended December 31, 2019.

The 2019 Chinese real estate market experienced both a short-lived resurgence in transactions, fueled by expectations for policy easing, but also saw a cool-down after the tightening in capital regulations, all of which came to an end with total sales of RMB16 trillion. The new record in sales volume does not change our judgement, the era of unrestrained growth for developers is destined to end, and now the consensus is that it is time to get back to basics and recalibrate. Thanks to our strong commitment to the goal of steady growth, the past year for Longfor culminated in a 21% YoY increase in contracted sales to RMB242.5 billion.

As repeated emphasis has been put on risk mitigation and deleveraging, property developers are seeing growing gaps in terms of financing channels and cost of funding. Amid the headwinds, the Group has been able to calmly navigate the situation. During the past year, Longfor has been upgraded to a positive outlook by Moody's and a rating uplift to BBB by Standard & Poor's, standing firm at investment grade. Our overseas USD notes and domestic corporate bonds repeatedly set industry records with long maturity and low coupon rates. Moreover, the Group's average finance costs is only 4.54%. Many stoic years of self-discipline has paid off as we have now gained a stronghold in our capital.

In 1Q2019, driven by a short revival of the property market at the beginning of the year, developers became more proactive in land acquisitions, thus leading to a rapid rise of land premium. Longfor remained patient under the situation before seizing the opportunities which led to big gains in 2H2019. During the period, the Group acquired 90 new projects and ventured into 11 new cities. The Group's overall landbank layout is of high-quality and was acquired at reasonable cost, of which about 90% of land parcels are primarily located in highly sought-after cities and districts with high value, thereby ensuring long-term profit growth.

Thanks to the solid development of our investment properties such as Paradise Walk shopping malls and "Goyoo" rental housing, the rental income for the year increased 42% to RMB5.79 billion, along with better operating indicators like tenant mix and foot fall traffic growth. Meanwhile, we also opened 10 new shopping malls in Beijing Chang'an, Shanghai Minhang, Hangzhou Xixi and other places. The brands developed by Longfor over the years have resulted in a steady income stream for the Group amid cyclical fluctuations; through constant innovations that go beyond imagination, we offer people the space with soul and we deliver empathy in customer service that keeps digging their expectations about how human connects with space.

The greatest care for communities we are offering falls under the Longfor Smart Service brand. After more than two years of expansion and systemic enhancement, the services now cover not only the established residential community services, but also more new places such as hospitals, schools, parks, aviation logistics and transportation hubs. By looking into data generated from online operations, we are able to gain better understanding about customer needs and thus offer more specific satisfied and unconventional services. During the unexpected and painful outbreak of COVID-19, Longfor Smart Service has withstood challenges and proved its value for millions of Longfor customers.

For many years, Longfor has fulfilled its responsibility as a corporate citizen and always recognized the significance of giving back to the society. In March 2019, the Group donated RMB100 million to the Palace Museum under the newly founded “Longfor – Palace Museum Cultural Fund” (龍湖-故宮文化基金), which aims to help with the Museum’s protection and conservation of cultural relics as well as research and sharing of cultural heritage. Facing the epidemic, the Group has donated RMB39 million in cash and goods supplies, for global “epidemic war”.

In addition, the Group offered rent reduction to over 4,500 partnership brands and merchants in its 39 shopping malls, supporting them in tackling the grave challenges posed by the epidemic.

Currently real estate companies are facing a slew of challenges: the market slowdown, continuing stabilization of housing prices, not to mention losses from suspended production and sales due to the viral outbreak. Nonetheless, such challenges have driven people and organizations to improve themselves and upgrade systems, which is in turn accelerating the industry integration. We believe that a truly outstanding company has the courage and ability to outperform in both good and bad days.

Despite the significant impact of the contingency in the short term, the faith of the country and people in pursuit of development and better life will not change in the long term. The Longfor community acknowledge people’s burning desire for high-quality space and services catalyzed by the epidemic, and we truly appreciate the value and significance in our efforts to meet those demands.

As we grow, difficulties and disturbances are no stranger to us as a Group. However, on the strength of embracing changes maintaining strategic focus and nimble execution, we will undoubtedly stay committed to our mission, find the right direction and keep moving forward even when the path is unclear.

Wu Yajun
Chairperson
Longfor Group Holdings Limited

MANAGEMENT DISCUSSION AND ANALYSIS

PROPERTY DEVELOPMENT

In 2019, revenue from property development business of the Group was RMB140.79 billion, representing an increase of 29.5% as compared to last year. The Group delivered 10.68 million square meters of property in gross floor area (GFA) terms. The gross profit margin of the overall property development business was 32.1%. Recognized average selling price was RMB13,188 per square meter in 2019.

Table 1: Breakdown of property development revenue of the Group in 2019

* Amount excluding tax

City	Revenue		Total GFA	
	2019	2018	2019	2018
	RMB million	RMB million	Sqm	Sqm
Chongqing	26,602	14,811	2,247,325	1,376,273
Jinan	13,840	5,889	1,202,715	570,086
Chengdu	12,396	8,378	901,070	826,990
Qingdao	8,421	5,592	740,962	579,977
Hangzhou	7,230	18,942	312,300	821,477
Shenyang	6,307	4,915	632,550	566,487
Ningbo	5,653	7,748	433,831	453,297
Nanjing	5,464	827	278,288	42,312
Quanzhou	4,736	3,845	553,862	496,915
Guangzhou	4,686	596	207,817	15,115
Changsha	4,456	3,007	442,638	346,741
Wuxi	4,369	3,013	300,368	257,414
Dalian	3,192	3,713	178,285	280,304
Jiaxing	3,163	—	219,202	—
Hefei	3,154	—	212,707	—
Beijing	2,908	5,715	143,609	287,632
Wuhan	2,832	172	194,791	15,896
Shanghai	2,708	6,774	124,593	167,004
Xi'an	2,664	3,661	181,740	367,516
Yantai	2,506	704	264,384	79,878
Changzhou	2,263	1,072	132,633	88,987
Tianjin	2,074	3,460	162,539	188,506
Suzhou	1,965	101	76,898	4,553
Fuzhou	1,474	142	151,877	9,035
Baoding	1,273	—	104,371	—
Xiamen	1,160	4,271	69,154	207,529
Shijiazhuang	775	—	55,832	—
Zhuhai	759	—	30,288	—
Shaoxing	643	6	26,640	452
Nantong	480	—	32,467	—
Kunming	342	9	28,713	1,523

City	Revenue		Total GFA	
	2019	2018	2019	2018
	RMB million	RMB million	Sqm	Sqm
Xianyang	108	—	11,952	—
Yuxi	92	—	7,363	—
Weihai	62	—	4,215	—
Foshan	36	1,356	8,018	125,186
Total	140,793	108,719	10,675,997	8,177,085

In 2019, the Group achieved contracted sales of RMB242.50 billion, representing an increase of 20.9% as compared to last year. The Group sold 14.24 million square meters in total GFA, representing an increase of 15.2% as compared to last year. Average selling price of GFA sold was RMB17,032 per square meter, representing an increase of 4.9% as compared to last year. Contracted sales from Yangtze River Delta, western China, Pan Bohai Rim, southern China and central China were RMB82.39 billion, RMB59.20 billion, RMB52.25 billion, RMB26.30 billion and RMB22.36 billion respectively, accounting for 34.0%, 24.4%, 21.6%, 10.8% and 9.2% of the contracted sales of the Group, respectively.

Table 2: Details of contracted sales of the Group in 2019

* Amount including tax

City	Contracted sales		Total GFA	
	2019	2018	2019	2018
	RMB million	RMB million	Sqm	Sqm
Chongqing	28,719	26,340	2,191,552	2,144,580
Hangzhou	22,626	16,110	757,890	635,699
Chengdu	17,933	12,834	1,092,007	962,362
Nanjing	17,009	3,957	567,618	227,768
Beijing	10,878	22,746	312,595	542,351
Wuhan	10,354	850	566,290	68,801
Qingdao	10,299	10,725	851,554	800,355
Shenyang	9,733	5,733	822,101	545,772
Changsha	9,259	4,671	713,142	379,314
Ningbo	8,738	9,408	579,387	525,972
Xi'an	7,611	6,700	488,746	479,899
Nantong	7,519	1,626	467,626	110,232
Guangzhou	7,443	7,905	261,845	235,347
Jinan	7,211	18,072	470,373	1,266,599
Wuxi	6,231	4,429	359,643	319,323
Fuzhou	5,263	2,116	342,219	149,059
Dalian	5,206	3,718	269,703	206,131
Hefei	4,754	6,325	296,741	415,496
Tianjin	4,073	2,448	243,539	134,249
Shaoxing	3,754	6	156,270	863
Hong Kong	3,707	—	14,879	—

City	Contracted sales		Total GFA	
	2019 <i>RMB million</i>	2018 <i>RMB million</i>	2019 <i>Sqm</i>	2018 <i>Sqm</i>
Suzhou	3,600	836	144,759	32,591
Shanghai	3,414	8,394	160,721	205,004
Zhuhai	2,823	510	113,934	19,479
Yantai	2,489	2,634	241,035	252,170
Jiaxing	2,038	2,961	134,713	188,977
Xianyang	1,991	—	207,294	—
Quanzhou	1,567	6,101	159,078	633,348
Wenzhou	1,415	—	73,252	—
Xiamen	1,293	4,441	62,862	239,681
Changzhou	1,289	1,859	89,093	120,534
Kunming	1,231	164	91,411	15,785
Yuxi	985	—	70,041	—
Zhongshan	980	—	60,699	—
Zhangzhou	910	—	58,787	—
Changde	805	176	107,759	22,672
Nanchang	756	882	59,360	81,029
Guiyang	730	1,204	58,440	106,254
Weihai	717	106	64,872	6,116
Dongguan	714	—	48,469	—
Shijiazhuang	655	786	51,628	54,180
Zhengzhou	595	423	66,944	35,865
Ganzhou	595	—	106,702	—
Shenzhen	592	—	9,836	—
Baoding	588	2,006	42,459	144,124
Nanning	550	—	62,029	—
Taiyuan	401	—	36,894	—
Foshan	380	441	20,210	55,325
Maoming	81	—	9,096	—
Total	242,504	200,643	14,238,097	12,363,306

As at December 31, 2019, the Group had sold but unrecognized contracted sales of RMB253.5 billion (with an area of around 15.00 million square meters), which formed a solid basis for the Group's sustainable and stable growth in the core net profit in the future.

PROPERTY INVESTMENT

The Group maintains a prudent property investment strategy. Currently, investment properties of the Group are mainly shopping malls under three major product series, namely Paradise Walk series, which are one-stop experiencing shopping malls, Starry Street series, which are community shopping malls, and MOCO, which are mid to high-end household and lifestyle shopping centers. In addition to the shopping malls, “Goyoo”, which provide new generation with comprehensive rental housing services, have gradually commenced operation in several Tier-1 and Tier-2 cities such as Beijing, Shanghai, Shenzhen, Hangzhou, Nanjing, Chongqing, and Chengdu.

In 2019, the rental income, net of tax, of the Group's property investment business was RMB5.79 billion[#], representing an increase of 41.5% as compared to last year. Shopping malls, rental housing and others accounted for 79.0%[#], 20.3% and 0.7% of the total rental income respectively. As at December 31, 2019, the Group has shopping malls of 3.77 million square meters (4.93 million square meters in GFA with parking space included) which have commenced operation with an occupancy rate of 98.5%. 75,000 apartments of "Goyoo" have commenced operation with the occupancy rate of 77.4%, boasting a leading position in the industry in terms of its scales. The occupancy rate of "Goyoo" which have commenced operation for more than six months was 87.3%.

[#] excluding Chengdu Xichen Paradise Walk and Beijing Chang'an Paradise Walk.

Table 3: Breakdown of rental income of Shopping malls of the Group in 2019^{##}

* Amount excluding tax

	2019				2018			Change of rental income
	GFA sqm	Rental income RMB'000	% of Rental	Occupancy rate	Rental income RMB'000	% of Rental	Occupancy rate	
Chongqing North Paradise Walk	120,778	501,773	10.6%	100.0%	466,756	13.0%	97.8%	7.5%
Chongqing West Paradise Walk	76,031	166,982	3.5%	98.6%	160,760	4.5%	94.4%	3.9%
Chongqing Time Paradise Walk Phase I	160,168	393,055	8.3%	99.0%	330,349	9.2%	98.5%	19.0%
Chongqing Time Paradise Walk Phase II	154,460	239,747	5.0%	97.6%	200,580	5.6%	97.1%	19.5%
Chongqing Time Paradise Walk Phase III	73,774	96,897	2.0%	98.7%	73,079	2.0%	96.4%	32.6%
Chengdu Three Thousand Paradise Walk	38,043	44,809	0.9%	97.2%	37,272	1.0%	100.0%	20.2%
Chengdu North Paradise Walk	215,536	179,785	3.8%	96.8%	151,626	4.2%	92.1%	18.6%
Chengdu Time Paradise Walk Phase I	61,989	52,388	1.1%	100.0%	44,555	1.2%	100.0%	17.6%
Beijing Changying Paradise Walk	221,286	455,744	9.6%	98.7%	374,015	10.4%	99.0%	21.9%
Hangzhou Jinsha Paradise Walk	151,135	259,638	5.5%	98.8%	219,579	6.1%	99.3%	18.2%
Chengdu Jinnan Paradise Walk	91,638	137,210	2.8%	100.0%	113,203	3.1%	100.0%	21.2%
Beijing Daxing Paradise Walk	144,565	212,095	4.5%	100.0%	180,930	5.0%	98.3%	17.2%
Shanghai Hongqiao Paradise Walk	170,450	152,472	3.2%	97.6%	99,491	2.8%	90.3%	53.3%
Chongqing U-City Paradise Walk Phase I	15,516	16,040	0.3%	98.6%	14,314	0.4%	99.2%	12.1%
Chongqing U-City Paradise Walk Phase II	96,411	111,388	2.3%	99.3%	81,146	2.3%	96.2%	37.3%
Chongqing Hometown Paradise Walk	93,152	112,906	2.4%	99.4%	84,565	2.3%	99.8%	33.5%
Hangzhou Binjiang Paradise Walk Phase I	158,067	274,324	5.8%	98.9%	233,511	6.5%	99.5%	17.5%
Suzhou Shishan Paradise Walk	197,466	274,375	5.8%	98.6%	214,898	6.0%	96.5%	27.7%
Shanghai Baoshan Paradise Walk	98,339	195,246	4.1%	98.7%	162,669	4.5%	98.7%	20.0%
Changzhou Longcheng Paradise Walk	119,328	107,156	2.3%	94.4%	30,583	0.8%	98.9%	250.4%
Beijing Fangshan Paradise Walk	103,688	180,917	3.8%	100.0%	53,073	1.5%	99.3%	240.9%
Chengdu Xichen Paradise Walk	152,639	155,511	3.3%	96.5%	10,134	0.3%	100.0%	1434.5%
Chengdu Binjiang Paradise Walk	140,000	8,221	0.2%	99.7%	—	—	—	—
Hangzhou Binjiang Paradise Walk Phase II	22,627	11,083	0.2%	100.0%	—	—	—	—
Hangzhou Xixi Paradise Walk	123,582	22,627	0.5%	100.0%	—	—	—	—
Hangzhou Zijing Paradise Walk	68,010	8,776	0.2%	100.0%	—	—	—	—

	2019				2018			Change of rental income
	GFA sqm	Rental income RMB'000	% of Rental	Occupancy rate	Rental income RMB'000	% of Rental	Occupancy rate	
Shanghai Huajing Paradise Walk	42,253	20,981	0.4%	100.0%	—	—	—	
Shanghai Minhang Paradise Walk	113,859	8,676	0.2%	94.7%	—	—	—	
Hefei Yaohai Paradise Walk	98,320	7,704	0.2%	98.5%	—	—	—	
Nanjing Liuhe Paradise Walk	126,782	7,709	0.2%	98.2%	—	—	—	
Beijing Chang'an Paradise Walk	52,563	15,620	0.3%	99.1%	—	—	—	
Paradise Walk Subtotal	3,502,455	4,431,855	93.3%	98.5%	3,337,088	92.7%	97.3%	32.8%
Chongqing Crystal Castle	16,161	22,094	0.5%	100.0%	21,872	0.6%	98.4%	1.0%
Chongqing Chunsen Starry Street	54,618	35,176	0.7%	97.1%	30,365	0.8%	91.5%	15.8%
Chongqing Fairy Castle	29,413	20,081	0.4%	100.0%	11,936	0.3%	100.0%	68.2%
Beijing Summer Palace Starry Street	6,320	26,716	0.6%	100.0%	23,637	0.7%	100.0%	13.0%
Xi'an Daxing Starry Street	44,227	58,191	1.2%	97.6%	50,178	1.4%	100.0%	16.0%
Xi'an Qujiang Starry Street	63,206	74,988	1.6%	100.0%	61,814	1.7%	100.0%	21.3%
Shanghai Minhang Starry Street	24,740	17,152	0.4%	98.6%	—	—	—	
Others	—	25,668	0.5%	N/A	27,871	0.8%	N/A	-7.9%
Starry Street Subtotal	238,685	280,066	5.9%	98.8%	227,673	6.3%	97.6%	23.0%
Chongqing MOCO	29,104	35,919	0.8%	100.0%	35,494	1.0%	97.7%	1.2%
MOCO Subtotal	29,104	35,919	0.8%	100.0%	35,494	1.0%	97.7%	1.2%
Total for projects that had commenced operation	3,770,244	4,747,840	100.0%	98.5%	3,600,255	100.0%	97.4%	31.9%

In 2019, the total retail sales of shopping malls were RMB26.7 billion, representing an increase of 25% year-on-year. Annual average daily foot traffic was approximately 1.54 million, representing an increase of 23% year-on-year.

The Group currently has the following major investment properties under construction:

Table 4: The major investment properties under construction of the Group

	Estimated Commencement of Operation	Planned GFA Sqm
Chengdu Shangcheng Paradise Walk	2020	120,000
Chengdu Time Paradise Walk Phase II	2020	63,013
Nanjing Longwan Paradise Walk	2020	114,470
Nanjing Jiangbei Paradise Walk	2020	143,000
Chongqing Jinsha Paradise Walk	2020	204,374
Suzhou Xinghu Paradise Walk	2020	112,106
Xi'an Xiangti Paradise Walk	2020	78,962
Chengdu Wuhou Starry Street	2020	31,469
Suzhou Dongwu Paradise Walk	2021 and hereafter	114,978
Nanjing Hexi Paradise Walk	2021 and hereafter	112,216
Chengdu Jinchen Paradise Walk	2021 and hereafter	83,000
Hangzhou Jiangdong Paradise Walk	2021 and hereafter	107,125
Chongqing Lijia Paradise Walk	2021 and hereafter	110,508
Changsha Yanghu Paradise Walk	2021 and hereafter	99,988
Wuhan Jiangchen Paradise Walk	2021 and hereafter	138,584
Chongqing Gongyuan Paradise Walk	2021 and hereafter	138,034
Hangzhou Dingqiao Paradise Walk	2021 and hereafter	117,944
Qingdao Jiaozhou Paradise Walk	2021 and hereafter	81,463
Shanghai Fengxian Paradise Walk	2021 and hereafter	104,163
Nanchang Qingshanhu Paradise Walk	2021 and hereafter	95,400
Ningbo Yinzhou Paradise Walk	2021 and hereafter	106,065

Due to the rental increase of shopping malls in operation, continuous investments in projects under construction and the development of rental housing “Goyoo”, the valuation gain of investment properties of the Group amounted to RMB3.73 billion in 2019.

INCOME FROM DIGITAL TECHNOLOGY SERVICES

In 2019, the total income generated from Digital Technology Services of the Group was RMB400 million. In recently years, the Group has been committed to providing digital technology services to internal functions for operation management and procedure innovation. Currently, the service also begins to cover external parties, including the membership points management of customers, the electronic coupon business of shopping mall tenants, intelligent parking system services as well as cooperative project management. In the future, the Group will continue to enrich digital service products and its scope of applications, and the corresponding income will increase steadily.

COST CONTROL

In 2019, benefited from the Group's excellent performance on acquisition of projects and sales in Tier-1 and Tier-2 cities, as well as its focus on high quality talents and organization efficiency improvement, the Group's share of general and administrative expenses to the total contracted sales was 2.7%, remained stable as compared to last year. Meanwhile, as the Group has increased its marketing expenses to strengthen its brand influence, the selling expenses to the total contracted sales increased by 0.1% to 1.7% as compared to last year.

SHARE OF RESULTS OF JOINT VENTURES

In 2019, the contribution of joint ventures was mainly from the Group's 25.0%-owned Beijing Orient Original. The attributable profit after tax of the Group in joint ventures was RMB766 million.

SHARE OF RESULTS OF ASSOCIATES

In 2019, the contribution of associates was mainly from the Group's 49.0%-owned Chengdu Huazhao. The attributable profit after tax of the Group in associates was RMB586 million.

INCOME TAX EXPENSE

Income tax expenses comprised PRC enterprise income tax and land appreciation tax. In 2019, the enterprise income tax and the land appreciation tax of the Group were RMB9.72 billion and RMB9.69 billion, respectively. The total income tax expenses for the period amounted to RMB19.41 billion.

PROFITABILITY

In 2019, the Group's core net profit margin (i.e. after excluding the effects of valuation gains, the ratio of the core profit after tax to the revenue) was 15.5%, while that of last year was 14.7%; and the core net profit margin attributable to shareholders (i.e. after excluding the effects, such as minority interests and valuation gains, the ratio of the core net profit attributable to shareholders to the revenue) was 10.3%, while that of last year was 11.1%. The above is mainly due to the increase of revenue during the current year and the combined effects of expenses, share of results of joint ventures and associates and the changes of income tax expenses.

LAND BANK REPLENISHMENT

As at December 31, 2019, the Group's total land bank was 68.14 million square meters or 47.42 million square meters on an attributable basis. The average unit land cost was RMB5,737 per square meter, accounting for 33.7% of unit price of current contracted sales. In terms of regional breakdown, land bank in Pan Bohai Rim, western China, Yangtze River Delta, central China, southern China and Hong Kong Region accounted for 33.0%, 28.0%, 19.3%, 9.9%, 9.7% and 0.1% of the total land bank, respectively.

In 2019, the Group has acquired new land bank with total GFA of 17.31 million square meters or 12.73 million square meters on an attributable basis. Average cost of acquisition on an attributable basis was RMB6,186 per square meter. In terms of regional breakdown, the newly acquired area of Pan Bohai Rim, southern China, Yangtze River Delta, western China and central China accounted for 25.2%, 22.3%, 21.5%, 20.2% and 10.8% of the total GFA of the newly acquired land bank.

Subsequent to the end of the reporting period[#], the Group has acquired new land bank with total GFA of 2.32 million square meters or 1.78 million square meters on an attributable basis. In terms of regional breakdown, land bank newly acquired subsequent to the end of the reporting period in southern China, Yangtze River Delta, Pan Bohai Rim, western China and central China accounted for 40.0%, 22.9%, 21.1%, 11.9% and 4.1% of the total GFA of the land bank acquired subsequent to the end of the reporting period, respectively.

Currently, there are 56 cities covered by the Group[#]. In addition to focusing on the Tier-1 and Tier-2 cities, we also made appropriate investment in projects located in city clusters within metropolitan circles. The project size was also controlled at an appropriate level, which laid a well foundation for improving the turnover cycle of the Group's properties available for sale.

[#] As of February 29, 2020

The geographic spread of the land bank of the Group was as follows:

Table 5: Breakdown of land bank of the Group

Region	City	Total GFA Spm	% Of Attributable		% Of Total
			Total	GFA Spm	
Pan Bohai Rim	Beijing	2,752,411	4.0%	929,476	2.0%
	Shenyang	2,530,844	3.7%	2,304,158	4.9%
	Qingdao	2,873,934	4.2%	2,095,691	4.4%
	Yantai	7,125,262	10.5%	7,059,030	14.9%
	Jinan	3,790,545	5.6%	2,307,765	4.9%
	Dalian	463,246	0.7%	284,415	0.6%
	Baoding	552,536	0.8%	386,775	0.8%
	Shijiazhuang	316,685	0.5%	165,525	0.3%
	Weihai	484,297	0.7%	304,405	0.6%
	Taiyuan	534,958	0.8%	534,958	1.1%
	Changchun	130,425	0.2%	130,425	0.3%
	Tianjin	877,728	1.3%	569,836	1.2%
		Subtotal	22,432,871	33.0%	17,072,459
Central China	Changsha	1,534,523	2.3%	694,617	1.5%
	Nanchang	518,792	0.8%	415,077	0.9%
	Zhengzhou	440,323	0.6%	440,323	0.9%
	Changde	389,011	0.6%	389,011	0.8%
	Ganzhou	227,289	0.3%	81,824	0.2%
	Wuhan	3,646,265	5.3%	1,651,281	3.4%
	Subtotal	6,756,203	9.9%	3,672,133	7.7%

Region	City	Total GFA <i>Spm</i>	% Of Total	Attributable GFA <i>Spm</i>	% Of Total
Western China	Chongqing	9,131,976	13.4%	7,051,633	15.0%
	Chengdu	3,433,770	5.0%	2,252,034	4.7%
	Xi'an	1,230,790	1.8%	810,899	1.7%
	Yuxi	727,565	1.1%	727,565	1.5%
	Guiyang	2,017,543	3.0%	1,065,661	2.2%
	Xianyang	743,521	1.1%	559,128	1.2%
	Kunming	1,805,014	2.6%	997,118	2.1%
	Subtotal	19,090,179	28.0%	13,464,038	28.4%
Yangtze River Delta	Shanghai	1,193,977	1.8%	673,681	1.4%
	Wuxi	544,508	0.8%	477,985	1.0%
	Changzhou	674,276	1.0%	674,276	1.4%
	Hangzhou	2,146,559	3.2%	1,074,686	2.3%
	Nantong	728,755	1.1%	333,138	0.7%
	Shaoxing	452,293	0.7%	251,918	0.5%
	Wenzhou	330,898	0.5%	214,571	0.5%
	Ningbo	1,237,091	1.8%	893,656	1.9%
	Suzhou	1,622,155	2.4%	1,103,453	2.3%
	Nanjing	2,132,586	3.0%	1,653,845	3.5%
	Jiaxing	430,276	0.6%	216,667	0.5%
	Xuzhou	31,726	0.0%	16,180	0.0%
	Yangzhou	127,686	0.2%	127,686	0.3%
	Hefei	1,511,822	2.2%	1,280,794	2.7%
	Subtotal	13,164,608	19.3%	8,992,536	19.0%
Southern China	Xiamen	1,313,947	1.9%	657,214	1.2%
	Quanzhou	313,585	0.5%	313,585	0.7%
	Guangzhou	974,943	1.4%	578,391	1.2%
	Shenzhen	155,929	0.2%	150,743	0.3%
	Fuzhou	1,012,676	1.5%	601,838	1.3%
	Foshan	62,357	0.1%	31,802	0.1%
	Dongguan	123,381	0.2%	30,969	0.1%
	Nanning	481,233	0.7%	228,728	0.5%
	Zhangzhou	175,604	0.3%	175,604	0.4%
	Zhongshan	135,499	0.2%	67,750	0.1%
	Maoming	97,134	0.1%	97,134	0.2%
	Huizhou	359,432	0.5%	141,280	0.3%
	Haikou	798,728	1.2%	798,728	1.7%
	Jiangmen	291,303	0.4%	145,652	0.3%
	Zhuhai	346,468	0.5%	173,813	0.4%
Subtotal	6,642,219	9.7%	4,193,231	8.8%	

Region	City	Total GFA Spm	% Of Total	Attributable GFA Spm	% Of Total
Hong Kong Region	Hong Kong	54,459	0.1%	27,229	0.1%
	Subtotal	54,459	0.1%	27,229	0.1%
	Total	68,140,539	100.0%	47,421,626	100.0%

Table 6: Land acquisition in 2019

Region	Project	City	Attributable Interest %	Total GFA Sqm	Attributable GFA Sqm
Pan Bohai Rim	Jasper Sky	Shijiazhuang	51.0%	216,287	110,306
	The Light Year Phase I	Qingdao	95.0%	157,007	149,156
	Beijing Lize Paradise Walk	Beijing	51.0%	98,446	50,207
	Born to be the One	Dalian	100.0%	24,645	24,645
	Perfectionism	Shenyang	100.0%	146,593	146,593
	Tian Yi	Shenyang	100.0%	114,882	114,882
	Chun Jiang Central	Tianjin	100.0%	65,021	65,021
	Chunjiang Center	Qingdao	100.0%	28,390	28,390
	Gangxi Road Plot	Ji'nan	100.0%	453,642	453,642
	Longfor Palace	Qingdao	51.0%	166,465	84,897
	The Light Year Phase II	Qingdao	95.0%	100,060	95,057
	Chunjiang Land	Qingdao	70.0%	269,080	188,356
	Chunjiang Land	Weihai	51.0%	132,080	67,361
	Xin Yi Central	Qingdao	51.0%	61,862	31,550
	Yun Feng Longfor Mansion	Shenyang	70.0%	369,143	258,401
	Longfor Mansion	Taiyuan	100.0%	534,958	534,958
	Peace Hill County	Yantai	100.0%	139,500	139,500
	Yizhuang District Plot	Beijing	100.0%	153,030	153,030
	Chun Jiang Central	Yantai	60.0%	165,587	99,352
	Wonderland Project	Shenyang	65.0%	94,470	61,406
Xiangjiang Road Project	Qingdao	100.0%	339,270	339,270	
Heshan Road Plot	Qingdao	80.0%	46,238	36,990	
Jinhou Plant Plot	Weihai	70.0%	257,135	179,995	
Xiaoyaowan Project	Dalian	51.0%	107,847	55,002	
Nanguan District Plot	Changchun	100.0%	130,425	130,425	
	Subtotal			4,372,063	3,598,392

Region	Project	City	Attributable Interest %	Total GFA Sqm	Attributable GFA Sqm	
Western China	Zi Yun Fu	Chengdu	50.0%	198,104	99,052	
	Lakeside Bay	Chengdu	34.0%	182,767	62,140	
	Rianbow Central	Xianyang	75.2%	743,521	559,128	
	Southern 3rd Ring Plot	Chengdu	100.0%	12,743	12,743	
	Poetic Life	Chongqing	100.0%	143,950	143,950	
	Central Park Plot Phase I	Chongqing	70.0%	167,371	117,160	
	Central Park Plot Phase II	Chongqing	70.0%	126,340	88,438	
	Central Park Plot Phase III	Chongqing	70.0%	176,160	123,312	
	Zi Yun Fu	Chongqing	51.0%	92,865	47,361	
	Xin Yi Central	Xi'an	100.0%	99,775	99,775	
	Wujiaba Plot	Kunming	100.0%	549,592	549,592	
	Ruilian Road Plot	Chengdu	35.0%	46,482	16,269	
	Xiyong Plot	Chongqing	50.0%	417,977	208,989	
	Yanghui Plot	Guiyang	100.0%	74,927	74,927	
	Celestial Mansion	Chengdu	50.0%	404,779	202,389	
	Xinglong Street Plot	Chengdu	51.0%	68,130	34,746	
		Subtotal			3,505,483	2,439,971
	Yangtze River Delta	City of Stars	Suzhou	51.0%	285,636	145,674
		Xiaoshan Beiganshan Plot	Hangzhou	51.0%	93,260	47,563
		Expanse Garden	Hefei	100.0%	157,253	157,253
Jing Lin Longfor Mansion		Changzhou	100.0%	365,346	365,346	
Chunjiang Center		Hefei	100.0%	171,738	171,738	
Chunjiang Tian Yue		Shanghai	30.0%	163,159	48,948	
Chunjiang Heaven		Shaoxing	60.0%	236,092	141,655	
Dong Chao Garden		Hangzhou	34.0%	133,390	45,351	
Xiaolingwei Street Plot		Nanjing	100.0%	51,613	51,613	
Star Glamor		Ningbo	90.0%	372,022	334,820	
Fengxian TOD Plot		Shanghai	51.0%	295,459	150,684	
Longfor Mansion		Wenzhou	100.0%	63,881	63,881	
Fengxian Plot No. 4		Shanghai	100.0%	105,719	105,719	
Xichen Longfor Mansion		Hefei	70.0%	135,252	94,676	
Jiangning Binjiang Plot		Nanjing	70.0%	350,418	245,293	
Zhongyangtu Plot		Wenzhou	50.0%	181,107	90,554	
Shushan West Plot		Hangzhou	51.0%	163,802	83,539	
Ju Xiu Yuan South Plot		Jiaying	50.0%	103,161	51,581	
Shang Dong Mansion East Plot		Jiaying	50.0%	87,383	43,692	
Beijing Road Project		Xuzhou	51.0%	31,726	16,180	
Sanwan Park Plot	Yangzhou	100.0%	127,686	127,686		
Jiangbei New District Plot	Nanjing	100.0%	38,971	38,971		
	Subtotal			3,714,074	2,622,417	

Region	Project	City	Attributable Interest %	Total GFA Sqm	Attributable GFA Sqm
Central China	Jiangchen Paradise Walk	Wuhan	50.0%	348,854	174,427
	Guanggu City · Chanson	Wuhan	60.0%	180,430	108,258
	Chun Jiang Central	Nanchang	51.0%	102,715	52,384
	Yun Feng Longfor Mansion	Wuhan	51.0%	267,068	136,205
	Fairy Castle	Wuhan	40.0%	128,557	51,423
	Baishazhou TOD Plot	Wuhan	100.0%	298,779	298,779
	Jinglin Jiuxu	Zhengzhou	100.0%	274,988	274,988
	Chunjiang Central	Nanchang	100.0%	263,548	263,548
	Subtotal			1,864,939	1,360,012
Southern China	Longfor Mansion	Zhangzhou	100.0%	175,604	175,604
	Yangxia Plot	Fuzhou	65.0%	305,559	198,613
	Glorious Mansion	Fuzhou	37.0%	258,759	95,741
	Chunjiang Center	Zhongshan	50.0%	135,499	67,750
	Glorious Mansion	Maoming	100.0%	97,134	97,134
	Glorious Mansion	Xiamen	100.0%	142,107	142,107
	Huangshi West Road Plot	Guangzhou	49.9%	54,829	27,360
	Longfor Mansion	Nanning	60.0%	56,626	33,976
	Splendor Garden	Guangzhou	80.0%	176,662	141,330
	Renhe Town Plot	Guangzhou	51.0%	212,558	108,405
	Chun Jiang Central	Quanzhou	100.0%	102,870	102,870
	Xiaojinkou Project	Huizhou	51.0%	96,743	49,339
	Bamboo Grove	Nanning	49.0%	335,907	164,594
	Xiaojinkou Project No.5	Huizhou	35.0%	262,689	91,941
	Pobopogang Plot	Haikou	100.0%	798,728	798,728
	Ferris Wheel Plot	Fuzhou	85.0%	115,795	98,426
	Gaobo Project	Shenzhen	100.0%	46,747	46,747
	Shuanglong Mansion	Jiangmen	50.0%	291,303	145,652
Fuzhu Village Plot	Fuzhou	65.0%	190,401	123,760	
	Subtotal			3,856,520	2,710,077
	Total			17,313,079	12,730,869

Details of the land bank acquired by the Group subsequent to the end of the reporting period[#] are as follows:

Table 7: Land acquisition subsequent to the end of the reporting period [#]

Region	Project	City	Attributable Interest %	Expected GFA Sqm	Attributable GFA Sqm
Pan Bohai Rim	Sunjiazhuang Plot	Tangshan	70%	124,724	87,307
	Haijiaoyuan Plot	Tianjin	100%	184,376	184,376
	Taishan 2nd Road Project	Qingdao	70%	115,474	80,832
	Jianye Road South Plot	Shenyang	100%	64,406	64,406
	Subtotal			488,980	416,921
Western China	Supo Street Plot	Chengdu	70%	171,458	120,021
	Gaolou Road Plot	Xi'an	40%	26,362	10,545
	Guangyuntan Plot	Xi'an	40%	78,054	31,222
	Subtotal			275,874	161,788
Yangtze River Delta	Chabai Area Plot	Wenzhou	100%	236,529	236,529
	Ouhai Wutian West Plot	Wenzhou	100%	293,552	293,552
				530,081	530,081
Central China	Taoyang Village Plot	Changsha	51%	95,782	48,849
	Subtotal			95,782	48,849
Southern China	Dongjiang Land Project	Huizhou	51%	279,479	142,534
	Rongzhong Village Plot	Fuzhou	100%	114,095	114,095
	Baota Project	Nanning	60%	234,700	140,820
	Xingzhong Road South Plot	Zhuhai	50%	45,858	22,929
	Changle Dongguan Project	Fuzhou	51%	57,744	29,449
	Houpu Plot	Fuzhou	51%	42,728	21,791
	Cangshan District Plot	Fuzhou	100%	153,335	153,335
	Subtotal			927,939	624,953
	Total			2,318,656	1,782,592

[#] As of February 29, 2020

FINANCIAL POSITION

As of December 31, 2019, the Group's consolidated borrowings amounted to RMB146.00 billion. The net debt to equity ratio (net debt divided by total equity) of the Group was 51.0%. Cash in hand reached RMB60.95 billion. The credit rating of the Group was BBB by Standard & Poor, Baa3 by Moody's, BBB by Fitch, and AAA by Dagong International*, CCXR* and Shanghai Brilliance, with positive outlook from Moody and stable outlook from others.

* *The ratings of Dagong International and CCXR were reviewed on Chongqing Longhu Development Co., Ltd., a major subsidiary of the Company in Mainland China.*

Approximately 74% of the Group's total borrowings were denominated in RMB, while 26% were denominated in foreign currencies. The Group keeps maintaining its borrowings in foreign currencies in a low proportion with a certain amount of exchange rate swap so as to control the risk in exchange losses.

Approximately RMB53.75 billion of the Group's consolidated borrowings were with fixed interest rates ranging from 3.06% per annum to 5.60% per annum, depending on the terms of the loans, and the other loans were quoted at floating rates. As of December 31, 2019, the proportion of fixed interest debt was 37% (December 31, 2018: 38%) of the total debt.

The Group's average cost of borrowing was 4.54% per annum. The average maturity period of loan was 6.04 years. The proportion of unsecured debt was 69% of the total debt. The debt due within one year was RMB13.93 billion, accounting for 9.5% of the total debt. Cash to short-term debt ratio (cash in hand divided by debt due within one year) was 4.38.

In 2019, the Group successfully issued corporate bonds of RMB2.2 billion and rental housing special bonds of RMB2.0 billion in the domestic capital market, at a coupon rate ranging from 3.9% to 4.70% per annum and terms ranging from five years to seven years; meanwhile, the Group successfully issued senior notes of US\$850 million in the international capital market, at a coupon rate of 3.95% per annum with a term of ten years.

Subsequent to the end of the reporting period, in January 2020, the Group successfully issued senior notes of US\$650 million in the international capital market, at a coupon rate ranging from 3.375% to 3.85% per annum with terms ranging from seven years and three months to twelve years; in January 2020, the Group successfully issued corporate notes of RMB2.8 billion in the domestic capital market, at a coupon rate ranging from 3.55% to 4.2% per annum and terms ranging from five years to seven years; in March 2020, the Group successfully issued rental housing special bonds of RMB 3.0 billion in the domestic capital market at a coupon rate of 3.8% per annum with a term of seven years.

EMPLOYEES AND COMPENSATION POLICY

As at December 31, 2019, the Group had 26,316 full-time employees in China. Of these employees, 8,882 worked in the property development division, 3,465 in the property investment division, and 13,969 in the property management division. Average age of our employees is 31.3 years old.

The Group remunerates its employees based on their performance, work experience and the prevailing market wage level. The total compensation of the employees consisted of base salary, cash bonus and share-based rewards. The gross amount of cash bonus is determined from, amongst other things, the ranking of the Group's budget fulfillment ratio and loyalties of customers, which is then assessed and allocated to individual subsidiaries according to the results of a balanced scorecard and profitability.

PROSPECTS

As the government tightened policies along with stricter enforcement, it has become a consensus that housing is primarily used for residence and that real estate trading cannot be a short-term economic stimulus. Policies adapting to local realities has led to growing differences between one regional market to another, where some are doing well while some are not. Meanwhile, the uneven development across the sector has also accelerated the industry's integration. In this increasingly complicated and uncertain market, the appropriate benchmark for gauging business competitiveness is no longer one or two criteria such as scale or speed of development, but the multi-dimensional indicators including products, services, operation, capital and among other strengths.

With a strong commitment to the strategy of "Space as a Service", the Group is dedicated to comprehensive and coordinated development of its four core businesses, which are property development, commercial property, rental housing and smart service. The Group is building its industry-leading capabilities in cost control, supply chain management, and productivity enhancement. As we focus on building our major businesses, we also take strategic insights on future revolution, and constantly upgrade operation system to improve organizational efficiency.

In 2020, the number of our key projects for sale is up to 212, among which 65 are brand new projects, and 120 projects will enter into the next phase of project. Our product offerings cater to different groups of customers, including first-time home buyers, existing homeowners, and business operators. The Group will also carry out differentiated strategies in tailoring products to different needs of customers in different areas, striving to capture opportunities in the ever-changing market.

By the end of 2019, the Group (including joint ventures and associates) has completed constructions of properties with a total GFA of approximately 15 million square meters. The total GFA of properties planned to complete construction in 2020 will reach approximately 20 million square meters, most of which will be delivered in the second half of the year. Construction of some projects has gradually resumed after a halt due to the COVID-19 outbreak at the beginning of the year, and the Group is now speeding up construction progress without compromising the quality.

Regarding the investment properties, 10 shopping malls, including the ones in Hangzhou Xixi, Shanghai Minhang, and Hefei Yaohai, have already started running in 2019; Paradise Walk malls in Chongqing Jinsha, Chengdu Shangcheng, and Suzhou Xinghu are expected to open in 2020. Another core business, "Goyoo", which is our rental housing brand, has started operating in Beijing, Shanghai, Shenzhen, Hangzhou, Nanjing, Chongqing, Chengdu among Chinese top tier cities in 2019, and we will take steady approach in expanding the business to meet growing market demands. By investing in both shopping malls and rental housing, we have laid a solid foundation for future growth of rental income from investment properties.

In an increasingly competitive real estate market, the Group will stick to the prudent and rational financial management strategy, and aim for steady and sustainable growth by keeping a reasonable debt ratio with low-cost and multi-channel financing. And on the matter of project investments, the Group will cooperate with external partners and seek acquisition opportunities in the secondary market, to make financially sound decisions underpinned by firm cost control in land acquisition and high efficiency in fund utilization.

FINAL DIVIDEND

The Board proposed the payment of a final dividend of RMB0.84 per share for the year ended December 31, 2019 to shareholders whose names appear on the register of members of the Company on Wednesday, June 24, 2020. The proposed final dividend shall be paid on Friday, July 10, 2020 after approval by shareholders of the Company at the forthcoming annual general meeting of the Company (the “AGM”). The proposed final dividend shall be declared in RMB and paid in Hong Kong dollars. The final dividend payable in Hong Kong dollars will be converted from RMB at the average middle rate of RMB to Hong Kong dollars as announced by the People’s Bank of China for the period from Monday, June 15, 2020 to Tuesday, June 16, 2020.

ANNUAL GENERAL MEETING

The AGM is to be held on Tuesday, June 16, 2020 and the notice of AGM will be published and dispatched to the shareholders of the Company within the prescribed time and in such manner as required by the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, June 10, 2020 to Tuesday, June 16, 2020, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to determine the identity of members who are entitled to attend and vote at the annual general meeting to be held on Tuesday, June 16, 2020, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited at 54th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Tuesday, June 9, 2020.

The register of members of the Company will be closed from Monday, June 22, 2020 to Wednesday, June 24, 2020 (both days inclusive) during which period no transfer of shares will be effected. To qualify for the proposed final dividend, all transfers documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited at 54th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Friday, June 19, 2020.

AUDIT COMMITTEE

The Audit Committee of the Company comprises of three independent non-executive Directors. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed risk management and internal controls systems and financial reporting matters including the review of the Group's audited consolidated results for the year ended December 31, 2019.

CORPORATE GOVERNANCE

During the year, the Company had adopted, applied and complied with the code provisions as set out in the Corporate Governance Code (the "Code") contained in Appendix 14 to the Listing Rules except the following deviation:

During the year, the Company has not established Nomination Committee as required by the provision A.5 of the Code. Madam Wu Yajun, Chairperson of the Board, is responsible for the nomination and appointment of directors. Madam Wu, as the Chairperson of the Board, will review and discuss with other Board members on the structure, size and composition (including the skills, knowledge and experience) of the Board from time to time based on the requirements matching up with the Company's corporate strategy, and identify individuals suitably qualified to become board members and make recommendations to the Board on individuals nominated for directorships. The Board is of view that Chairperson responsible for the nomination directorship is more appropriate to reflect the Company's status quo than the establishment of Nomination Committee.

During the process of evaluating and selecting candidates for directorship, qualifications including professional skills and experience, and willingness to devote adequate time to discharge duties as member of the Board, will be considered. Further, the candidates would be considered his/her independence with reference to the independence guidelines set out in the Listing Rules.

According to the actual situation of the Company, the Board of the Company is of view that Chairperson responsible for the nomination directorship is more appropriate than the establishment of Nomination Committee at current period. The Board of the Company will review the existing nomination policy, nomination of director by the Chairperson from time to time.

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Company has adopted a code of conduct regarding securities transactions of directors (the "Securities Code") on no less exacting the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules. All Directors confirmed that they have complied with the required standard set out in the Securities Code during the year ended December 31, 2019.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, the trustee of the Restricted Share Award Scheme purchased on the Stock Exchange a total of 25,158,767 shares at total consideration of approximately HKD676,427,631 pursuant to the terms of the trust deed under the Restricted Share Award Scheme. Other than the aforesaid, neither the Company nor any of its subsidiaries had purchased sold, or redeemed any of the Company's listed securities during the year.

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.longfor.com). The annual report of the Company for the year ended December 31, 2019 containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and posted on the above websites in due course.

By Order of the Board
Longfor Group Holdings Limited
Wu Yajun
Chairperson

Hong Kong, March 24, 2020

As at the date of this announcement, the Board comprises eight members: Madam Wu Yajun, Mr. Shao Mingxiao, Mr. Zhao Yi and Mr. Wang Guangjian who are executive Directors; and Mr. Frederick Peter Churchouse, Mr. Chan Chi On, Derek, Mr. Xiang Bing and Mr. Zeng Ming who are independent non-executive Directors.