时代中国

TIMES CHINA

TIMES CHINA HOLDINGS LIMITED

時代中國控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1233)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

ANNUAL RESULTS HIGHLIGHTS

– Contracted sales for the year of RMB60.59 billion, representing an increase of 45.5% as compared with last year;

– Turnover for the year of RMB34.38 billion, representing an increase of 48.7% as compared with last year;

– Profit for the year of RMB4.81 billion, representing an increase of 44.0% as compared with last year;

– Core net profit for the year [Note 1] of RMB4.56 billion, representing an increase of 42.5% as compared with last year;

– Core net profit attributable to the owners of the Company [Note 2] of RMB4.20 billion, representing an increase of 66.0% as compared with last year;

– Gross profit margin and net profit margin for the year of 30.9% and 14.0% respectively;

– Basic earnings per share for the year of RMB240 cents, representing an increase of 58.9% as compared with last year; diluted earnings per share for the year of RMB240 cents, representing an increase of 65.5% as compared with last year;

– Cash and bank balances of RMB27.43 billion as at 31 December 2018;

– The Board proposed a final dividend of RMB68.77 cents per share for the year ended 31 December 2018.

Note 1: Core net profit for the year excludes changes in fair values of investment properties and the derivative component of the convertible bonds, net of the impact of the related deferred tax, the premium paid on early redemption of senior notes, gain or loss incurred from bargain purchase or deemed disposals of subsidiaries and joint ventures, gain on remeasurement of the pre-existing interests in the joint ventures and impairment loss on goodwill.

Note 2: Core net profit attributable to owners of the Company excludes changes in fair values of investment properties and the derivative component of the convertible bonds, net of the impact of the related deferred tax, the premium paid on early redemption of senior notes, gain or loss incurred from bargain purchase or deemed disposals of subsidiaries and joint ventures, gain on remeasurement of the pre-existing interests in the joint ventures and impairment loss on goodwill.

RESULTS

The board (the "Board") of directors (the "Directors") of Times China Holdings Limited ("Times China" or the "Company") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2018 together (the "Reporting Period") with the comparative figures for the corresponding year of 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 31 December 2018

	Notes	2018 RMB'000	2017 RMB'000
REVENUE	*4*	**34,375,010**	23,109,961
Cost of sales		**(23,754,162)**	(16,660,052)
Gross profit		**10,620,848**	6,449,909
Other income and gains	*4*	**1,030,565**	818,208
Selling and marketing costs		**(835,642)**	(622,915)
Administrative expenses		**(1,111,916)**	(732,284)
Other expenses		**(367,480)**	(448,485)
Finance costs	*6*	**(667,219)**	(400,874)
Share of profits and losses of joint ventures and associates		**(330,531)**	224,622
PROFIT BEFORE TAX	*5*	**8,338,625**	5,288,181
Income tax expense	*7*	**(3,527,482)**	(1,947,271)
PROFIT FOR THE YEAR		**4,811,143**	3,340,910
Attributable to:			
Owners of the Company		**4,399,190**	2,667,154
Non-controlling interests		**411,953**	673,756
		4,811,143	3,340,910
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*8*		
Basic		**RMB240 cents**	RMB151 cents
Diluted		**RMB240 cents**	RMB145 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2018

	2018 *RMB'000*	2017 *RMB'000*
PROFIT FOR THE YEAR	**4,811,143**	3,340,910
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Share of other comprehensive loss of a joint venture	**(36,415)**	–
Exchange differences on translation of foreign operations	**(541,535)**	409,132
	(577,950)	409,132
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Net gain on equity investments designated at fair value through other comprehensive income	**203**	–
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	**(577,747)**	409,132
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**4,233,396**	3,750,042
Attributable to:		
Owners of the Company	**3,821,443**	3,061,147
Non-controlling interests	**411,953**	688,895
	4,233,396	3,750,042

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Notes	2018 RMB'000	2017 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,549,786**	1,378,936
Prepaid land lease payments		**1,476,969**	919,206
Investment properties		**1,336,299**	1,498,330
Goodwill		**441,850**	201,765
Other intangible assets		**152,605**	37,134
Interests in joint ventures		**4,668,550**	4,698,830
Interests in associates		**488,602**	35,086
Available-for-sale investments		**–**	485,402
Equity investments designated at fair value through other comprehensive income		**424,828**	–
Deferred tax assets		**1,092,131**	789,426
Prepayments, deposits and other receivables		**1,481,000**	932,768
Total non-current assets		**13,112,620**	10,976,883
CURRENT ASSETS			
Prepaid land lease payments		**1,808,450**	1,374,853
Properties under development		**40,432,457**	43,804,554
Completed properties held for sale		**8,436,443**	4,083,628
Trade receivables	*10*	**4,889,684**	3,253,356
Contract costs		**216,567**	–
Prepayments, deposits and other receivables		**25,169,513**	14,423,860
Financial asset at fair value through profit or loss		**220,500**	–
Amounts due from joint ventures		**5,017,516**	4,985,166
Amounts due from associates		**1,094,766**	465,810
Tax prepayments		**1,227,953**	804,225
Restricted bank deposits		**4,051,526**	2,943,774
Cash and cash equivalents		**23,374,181**	14,262,982
Total current assets		**115,939,556**	90,402,208
CURRENT LIABILITIES			
Trade and bills payables	*11*	**8,520,818**	3,837,132
Other payables and accruals		**11,749,129**	28,474,399
Contract liabilities		**19,028,629**	–
Amounts due to joint ventures		**3,417,681**	4,155,306
Interest-bearing bank and other borrowings		**7,311,784**	6,030,011
Tax payable		**4,557,264**	2,216,360
Total current liabilities		**54,585,305**	44,713,208
NET CURRENT ASSETS		**61,354,251**	45,689,000
TOTAL ASSETS LESS CURRENT LIABILITIES		**74,466,871**	56,665,883

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As at 31 December 2018

	2018	2017
	RMB'000	*RMB'000*
TOTAL ASSETS LESS CURRENT LIABILITIES	**74,466,871**	56,665,883
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**40,319,161**	27,259,076
Other long-term payables	**162,603**	–
Deferred tax liabilities	**1,688,915**	1,461,192
Total non-current liabilities	**42,170,679**	28,720,268
Net assets	**32,296,192**	27,945,615
EQUITY		
Equity attributable to owners of the Company		
Share capital	**145,260**	145,260
Reserves	**16,806,843**	15,426,286
	16,952,103	15,571,546
Non-controlling interests	**15,344,089**	12,374,069
Total equity	**32,296,192**	27,945,615

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 December 2018

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated in the Cayman Islands on 14 November 2007 under the name of Times Property (Holdings) Co., Limited as an exempted company with limited liability under the Companies Law, Cap. 22 of the Cayman Islands. Pursuant to a special resolution passed on 24 January 2008, the Company's name was changed from Times Property (Holdings) Co., Limited to Times Property Holdings Limited. Pursuant to a special resolution passed on 15 January 2018, the Company's name was changed from Times Property Holdings Limited to Times China Holdings Limited. The registered office address is P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands.

The Company is an investment holding company. During the year, the Company's subsidiaries were mainly involved in property development, urban redevelopment business, property leasing and property management in the People's Republic of China (the "PRC").

In the opinion of the directors, the immediate holding company of the Company is Asiaciti Enterprises Ltd. ("Asiaciti"), which was incorporated in the British Virgin Islands ("BVI"), and the ultimate holding company is Renowned Brand Investments Limited ("Renowned Brand"), which was incorporated in the BVI. Renowned Brand is wholly owned by Mr. Shum Chiu Hung ("Mr. Shum"), the founder of the Company and the Group.

The Company's shares became listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "SEHK" or the "Stock Exchange") on 11 December 2013.

2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and certain financial instruments that are carried at fair value at the end of each reporting period.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2018.

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

IFRS 9	*Financial Instruments*
IFRS 15	*Revenue from Contracts with Customers*
IFRIC 22	*Foreign Currency Transactions and Advance Consideration*
Amendments to IFRS 15	*Classification to IFRS 15 Revenue from Contracts with Customers*
Amendments to IFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to IFRS 4	*Applying IFRS 9 Financial Instruments and IFRS 4 Insurance Contracts*
Amendments to IAS 40	*Transfers of Investment Property*
Annual Improvements 2014–2016 Cycle	Amendments to IFRS 1 and IAS 28

Other than as explained below regarding the impact of IFRS 9 and IFRS 15, the adoption of the above new and revised standards has had no significant financial effect on these consolidated financial statements.

IFRS 9

IFRS 9 *Financial Instruments* replaces IAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

The Group has applied IFRS 9 retrospectively, and has recognised the transition adjustments of nil against the applicable opening balances in equity at 1 January 2018. Therefore, the comparative information was not restated and continues to be reported under IAS 39.

Classification and measurement

The following information sets out the impacts of adopting IFRS 9 on the statement of financial position, including the effect of replacing IAS 39's incurred credit loss calculations with IFRS 9's expected credit losses ("ECLs").

A reconciliation between the carrying amounts under IAS 39 and the balances reported under IFRS 9 as at 1 January 2018 is as follows:

		IAS 39 Measurement				**IFRS 9 Measurement**	
		Category	**Amount**	**Re-classification**	**ECL**	**Amount**	**Category**
	Notes		*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	
Financial assets							
Equity investments designated at FVOCI		N/A	–	264,902	–	264,902	FVOCI[1]
From: Available-for-sale investments	*(i)*			264,902	–		
Available-for-sale Investments		AFS[2]	485,402	(485,402)	–	–	N/A
To: Equity investments designated at FVOCI	*(i)*			(264,902)	–		
To: Financial asset at FVPL	*(ii)*			(220,500)	–		
Trade receivables	*(iii)*	L&R[3]	3,253,356	–	–	3,253,356	AC[4]
Financial assets included in prepayments, deposits and other receivables		L&R	10,285,376	–	–	10,285,376	AC
Financial asset at FVPL		FVPL[5]	–	220,500	–	220,500	FVPL
From: Available-for-sale investments	*(ii)*			220,500	–		
Amounts due from joint ventures		L&R	4,985,166	–	–	4,985,166	AC
Amounts due from associates		L&R	465,810	–	–	465,810	AC
Restricted bank deposits		L&R	2,943,774	–	–	2,943,774	AC
Cash and cash equivalents		L&R	14,262,982	–	–	14,262,982	AC
			36,681,866	–	–	36,681,866	
Total assets			101,379,091	–	–	101,379,091	

	IAS 39 Measurement Category	IAS 39 Measurement Amount	Re-classification	ECL	IFRS 9 Measurement Amount	IFRS 9 Measurement Category
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	
Financial liabilities						
Trade and bills payables	AC	3,837,132	–	–	3,837,132	AC
Financial liabilities included in other payables and accruals	AC/FVPL	7,802,767	–	–	7,802,767	AC/FVPL
Amounts due to joint ventures	AC	4,155,306	–	–	4,155,306	AC
Interest-bearing bank and other borrowings	AC	33,289,087	–	–	33,289,087	AC
		49,084,292	–	–	49,084,292	
Total liabilities		73,433,476	–	–	73,433,476	

[1] FVOCI: Financial assets at fair value through other comprehensive income
[2] AFS: Available-for-sale investments
[3] L&R: Loans and receivables
[4] AC: Financial assets or financial liabilities at amortised cost
[5] FVPL: Financial assets or financial liabilities at fair value through profit or loss

Notes:

(i) The Group has elected the option to irrevocably designate all of its equity investments previously classified as available-for-sale investments as equity investments designated at fair value through other comprehensive income.

(ii) The Group has classified its unlisted investment previously classified as available-for-sale investment as a financial asset measured at fair value through profit or loss as this non-equity investment did not pass the contractual cash flow characteristics test in IFRS 9.

(iii) The gross carrying amounts of the trade receivables under the column "IAS 39 measurement – Amount" represent the amounts after adjustments for the adoption of IFRS 15 but before the measurement of ECLs.

Impairment

No material opening impairment allowances under IAS 39 have been made to the ECL allowances under IFRS 9.

Impact on reserves and retained profits

No material impact of transition to IFRS 9 on reserves and retained profits was noted in 2018.

IFRS 15

IFRS 15 and its amendments replace IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15, establishes a new five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The disclosures are included in note 4 to the financial statements. As a result of the application of IFRS 15, the Group has changed the accounting policy with respect to revenue recognition.

The Group has adopted IFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group has elected to apply the standard to contracts that are not completed as at 1 January 2018.

The cumulative effect of the initial application of IFRS 15 was immaterial and no opening balance of retained profits as at 1 January 2018 was adjusted. Therefore, the comparative information was not restated and continues to be reported under IAS 18 and related interpretations.

Set out below are the amounts by which each financial statement line item was affected as at 31 December 2018 and for the year ended 31 December 2018 as a result of the adoption of IFRS 15. The adoption of IFRS 15 has had no impact on other comprehensive income or on the Group's operating, investing and financing cash flows. The first column shows the amounts recorded under IFRS 15 and the second column shows what the amounts would have been had IFRS 15 not been adopted:

Consolidated statement of profit or loss for the year ended 31 December 2018:

		Amounts prepared under		
			Previous	Increase/
		IFRS 15	**IFRS**	**(decrease)**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	*(i)*	34,375,010	34,246,416	128,594
Cost of sales	*(i)(ii)*	(23,754,162)	(22,957,773)	796,389
Gross profit		10,620,848	11,288,643	(667,795)
Selling and marketing costs	*(ii)*	(835,642)	(1,513,345)	(677,703)
Profit before tax		8,338,625	8,328,717	9,908
Income tax expense	*(iii)*	(3,527,482)	(3,525,005)	2,477
Profit for the year		4,811,143	4,803,712	7,431
Attributable to:				
Owners of the Company		4,399,190	4,391,759	7,431
Non-controlling interests		411,953	411,953	–
		4,811,143	4,803,712	7,431
Earnings per share attributable to ordinary equity holders of the Company				
Basic		RMB240 cents	RMB239 cents	RMB1 cent
Diluted		RMB240 cents	RMB239 cents	RMB1 cent

Consolidated statement of financial position as at 31 December 2018:

		Amounts prepared under		
		IFRS 15	**Previous IFRS**	**Increase/ (decrease)**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Properties under development	*(i)*	40,432,457	40,351,783	80,674
Completed properties held for sale	*(i)*	8,436,443	8,401,900	34,543
Prepayments, deposits and other receivables	*(ii)*	26,650,513	26,857,172	(206,659)
Contract costs	*(ii)*	216,567	–	216,567
Total assets		129,052,176	128,927,051	125,125
Other payables and accruals	*(i)*	11,749,129	30,662,541	(18,913,412)
Contract liabilities	*(i)*	19,028,629	–	19,028,629
Deferred tax liabilities	*(ii)*	1,688,915	1,686,438	2,477
Total liabilities		96,755,984	96,638,290	117,694
Net assets		32,296,192	32,288,761	7,431
Retained profits	*(i)(ii)(iii)*	12,121,172	12,113,741	7,431
Total equity		32,296,192	32,288,761	7,431

The reasons for the changes in the statement of financial position as at 31 December 2018 and the statement of profit or loss for the year ended 31 December 2018 are described below:

(i) Accounting for a significant financing component and the receipt from customers in advance

For contracts where the period between the payment by the customer and the transfer of the promised property or service exceeds one year, the transaction price and the amount of revenue from the sale of completed properties is adjusted for the effects of a financing component, if significant.

Under IFRS 15, proceeds from customers of pre-sold properties, which were previously presented as receipt in advance from customers included in "other payables and accruals", are recorded as "contract liabilities" before the relevant sale revenue is recognised.

(ii) Accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract

Following the adoption of IFRS 15, stamp duty, sales commissions and other costs directly attributable to obtaining a contract, if recoverable, are capitalised as "contract costs".

(iii) Other adjustments

In addition to the adjustments described above, other items of the primary financial statements such as tax were adjusted as necessary. Retained profits were adjusted accordingly.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 3	*Definition of a Business*[2]
Amendments to IFRS 9	*Prepayment Features with Negative Compensation*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
IFRS 16	*Leases*[1]
IFRS 17	*Insurance Contracts*[3]
Amendments to IAS 1 and IAS 8	*Definition of Material*[2]
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement*[1]
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*[1]
IFRIC 23	*Uncertainty over Income Tax Treatments*[1]
Annual Improvements 2015–2017 Cycle	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23[1]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after 1 January 2020
3 Effective for annual periods beginning on or after 1 January 2021
4 No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group considers that, except that IFRS 16 *Leases* may result in changes in accounting policies, these new and revised IFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

IFRS 16

IFRS 16 replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC 15 *Operating Leases – Incentives* and SIC 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two elective recognition exemptions for lessees – leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in IAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments.

Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from the accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between operating leases and finance leases. IFRS 16 requires lessees and lessors to make more extensive disclosures than under IAS 17.

Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group will adopt IFRS 16 from 1 January 2019. The Group plans to adopt the transitional provisions in IFRS 16 to recognise the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019 and will not restate the comparatives. In addition, the Group plans to apply the new requirements to contracts that were previously identified as leases applying IAS 17 and measure the lease liability at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application. The right-of-use asset will be measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before the date of initial application. The Group plans to use the exemptions allowed by the standard on lease contracts whose lease terms end within 12 months as of the date of initial application. During 2018, the Group has performed a detailed assessment on the impact of adoption of IFRS 16. The Group has estimated that right-of-use assets of RMB1,257,809,000 and lease liabilities of RMB1,276,133,000 will be recognised at 1 January 2019.

3. REVENUE AND OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into the following reportable operating segments:

(a) Property development: Development and sale of properties

(b) Urban redevelopment business: Sale of land held for development and other related activities

(c) Property leasing: Property leasing (including the leasing of self-owned properties and subleasing of leased properties)

(d) Property management: Provision of property management services

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit before tax except that bank interest income, finance costs, share of profits and losses of joint ventures and associates, as well as head office and corporate income and expenses are excluded from this measurement.

The Group's revenue from external customers is derived solely from its operations in Mainland China. Except for the Group's certain equity investments designated at FVOCI amounting to USD1,238,000 (approximately equivalent to RMB8,521,000) (2017: certain available-for-sale investments amounting to USD10,988,000 in total, approximately equivalent to RMB72,902,000) and the Company's certain property, plant and equipment of RMB5,066,000 (2017: RMB6,774,000), the Group's non-current assets are located in Mainland China. Except for the Group's certain interest-bearing bank and other borrowings of senior notes and syndicated loan, and interest payable amounting to USD2,395,125,000 in total (approximately equivalent to RMB16,482,148,000) (2017: USD1,389,012,000, approximately equivalent to RMB9,076,080,000), the Group's liabilities are located in Mainland China.

Segment assets exclude interests in joint ventures, interests in associates, available-for-sale investments, equity investments designated at FVOCI, deferred tax assets, a financial asset at FVPL, amounts due from joint ventures, amounts due from associates, tax prepayments, restricted bank deposits, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude amounts due to joint ventures, interest-bearing bank and other borrowings, interest payable, tax payable, deferred tax liabilities, other long-term payables and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

During the year, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue (2017: Nil).

Segment revenue, segment results and other segment information for the year 2018, and segment assets and liabilities as at 31 December 2018 are presented below:

Year ended 31 December 2018	Property development	Urban redevelopment business	Property leasing	Property management	Elimination	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue						
Sales to external customers	30,779,000	2,775,626	328,044	492,340	–	34,375,010
Intersegment sales	9,585	–	37,698	165,142	(212,425)	–
	30,788,585	2,775,626	365,742	657,482	(212,425)	34,375,010
Segment results	7,803,200	1,765,213	20,681	54,612	–	9,643,706
Reconciliation:						
Bank interest income						148,010
Unallocated corporate expenses						(455,341)
Finance costs						(667,219)
Share of profits and losses of joint ventures and associates						(330,531)
Profit before tax						8,338,625
Segment assets	76,298,588	7,762,244	2,807,154	520,829	–	87,388,815
Reconciliation:						
Unallocated assets						41,663,361
Total assets						129,052,176
Segment liabilities	36,889,809	944,665	452,632	267,754	–	38,554,860
Reconciliation:						
Unallocated liabilities						58,201,124
Total liabilities						96,755,984
Other segment information						
Impairment losses on financial assets	(40,208)	(435)	(143)	(215)	–	(41,001)
Impairment of goodwill	–	(9,719)	–	–	–	(9,719)
Loss on disposal of financial assets	(17,851)	–	–	–	–	(17,851)
Depreciation	(35,389)	(6,782)	(83,546)	(5,069)	–	(130,786)
Amortisation of intangible assets:						
Allocated amounts	(10,143)	–	(128)	(895)	–	(11,166)
Unallocated amounts						(667)
Fair value gains on investment properties	–	–	26,491	–	–	26,491

Segment revenue, segment results and other segment information for the year 2017, and segment assets and liabilities as at 31 December 2017 are presented below:

Year ended 31 December 2017	Property development	Property leasing	Property management	Elimination	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue					
Sales to external customers	22,473,054	289,469	347,438	–	23,109,961
Intersegment sales	314,241	25,466	146,912	(486,619)	–
	22,787,295	314,935	494,350	(486,619)	23,109,961
Segment results	5,586,436	19,377	30,680	–	5,636,493
Reconciliation:					
Bank interest income					102,579
Changes in fair value of the derivative component of the convertible bonds					(127,064)
Unallocated corporate expenses					(147,575)
Finance costs					(400,874)
Share of profits and losses of joint ventures and associates					224,622
Profit before tax					5,288,181
Segment assets	68,511,635	3,264,159	128,594	–	71,904,388
Reconciliation:					
Unallocated assets					29,474,703
Total assets					101,379,091
Segment liabilities	26,502,971	425,746	266,702	–	27,195,419
Reconciliation:					
Unallocated liabilities					46,238,057
Total liabilities					73,433,476
Other segment information					
Depreciation	(51,554)	(72,404)	(4,698)	–	(128,656)
Amortisation of intangible assets	(3,533)	(160)	(895)	–	(4,588)
Fair value gains on investment properties	–	46,220	–	–	46,220

4. REVENUE, OTHER INCOME AND GAINS

An analysis of the Group's revenue, other income and gains is as follows:

	2018	2017
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Sale of completed properties	**30,779,000**	22,473,054
Urban redevelopment business	**2,775,626**	–
Property management fee income	**492,340**	347,438
Revenue from other sources		
Gross rental income from:		
lease of self-owned properties	**22,705**	47,592
sublease of leased properties	**305,339**	241,877
	34,375,010	23,109,961

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2018

Segments	**Property development**	**Urban redevelopment business**	**Property management**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Time of revenue recognition				
Goods transferred at a point in time	30,779,000	2,775,626	–	33,554,626
Services transferred over time	–	–	492,340	492,340
Total revenue from contracts with customers	30,779,000	2,775,626	492,340	34,046,966

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

Revenue from contracts with customers				
External customers	30,779,000	2,775,626	492,340	34,046,966
Intersegment sales	9,585	–	165,142	174,727
	30,788,585	2,775,626	657,482	34,221,693
Elimination	(9,585)	–	(165,142)	(174,727)
Total revenue from contracts with customers	30,779,000	2,775,626	492,340	34,046,966

	2018 *RMB'000*	2017 *RMB'000*
Other income		
Bank interest income	**148,010**	102,579
Interest income from third parties and joint ventures	**58,037**	72,180
Management fee income	**23,996**	47,782
Compensation income	**110,548**	47,660
Consultancy fee income	**–**	21,550
Others	**78,336**	61,241
	418,927	352,992
Gains, net		
Gain on partial disposal of an interest in a joint venture without loss of joint control	**234,927**	–
Remeasurement of the pre-existing interests in the joint ventures	**330,792**	–
Fair value gains on investment properties	**26,491**	46,220
Gain on bargain purchases of subsidiaries	**13,966**	–
Gain on deemed disposals of subsidiaries	**–**	66,297
Gain on bargain purchase of a joint venture	**–**	352,699
Foreign exchange gain, net	**5,462**	–
	611,638	465,216
	1,030,565	818,208

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2018	2017
	RMB'000	*RMB'000*
Cost of properties sold	**22,171,138**	16,206,966
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	**2,874**	3,350
Direct operating expenses (including rental and depreciation of leasehold improvements) arising on the subleasing business	**189,079**	159,658
Cost of property management services provided	**408,415**	290,078
Cost of urban redevelopment business	**982,656**	–
Depreciation	**130,786**	128,656
Amortisation of intangible assets	**11,833**	4,588
Changes in fair value of investment properties	**(26,491)**	(46,220)
Auditor's remuneration	**8,335**	7,656
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries	**1,217,122**	564,767
Pension scheme contributions	**62,446**	28,962
Less: Amount capitalised in properties under development	**(599,868)**	(269,447)
	679,700	324,282
Minimum lease payments under operating leases regarding office premises and leased properties for the subleasing business	**147,605**	141,064
Gain on bargain purchases of subsidiaries	**(13,966)**	–
Gain on deemed disposals of subsidiaries	**–**	(66,297)
Gain on bargain purchase of a joint venture	**–**	(352,699)
Gain on partial disposal of interest in a joint venture without loss of joint control	**(234,927)**	–
Reassessment of the pre-existing interests in the joint ventures	**(330,792)**	–
Loss on disposal of items of property, plant and equipment	**1,646**	692
Impairment losses on financial assets:		
Impairment loss on trade receivables	**20,206**	–
Impairment loss on financial assets included in prepayments, deposits and other receivables	**20,795**	–
Loss on disposal of financial assets	**17,851**	–
Impairment of goodwill	**9,719**	–
Foreign exchange differences, net	**(5,462)**	23,036
Rental income on investment properties less direct operating expenses of RMB2,874,000 (2017: RMB3,350,000)	**(19,831)**	(44,242)
Premium paid on early redemption of senior notes	**106,964**	129,709
Changes in fair value of the derivative component of the convertible bonds*	**–**	127,064

* The changes in fair value of the derivative component of the convertible bonds for the year ended 31 December 2017 are included in "Other expenses" in the consolidated statement of profit or loss.

6. FINANCE COSTS

	2018	2017
	RMB'000	*RMB'000*
Interest expense	**3,184,996**	2,229,046
Interest expense arising from revenue contracts	**128,594**	–
Less: Interest capitalised	**(2,646,371)**	(1,828,172)
	667,219	400,874

7. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and BVI, the entities of the Group which were incorporated in the Cayman Islands and BVI are not subject to any income tax. The Group was not liable for income tax in Hong Kong as the Group did not have any assessable income arising in Hong Kong during the year.

PRC corporate income tax

The PRC corporate income tax ("CIT") in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the year ended 31 December 2018, based on the existing legislation, interpretations and practices in respect thereof. Except for Zhuhai Xinshilichuang Architectural Design Co., Ltd. ("Zhuhai Xinshilichuang") and Xizang Boding Enterprises Management Co., Ltd. ("Xizang Boding"), subsidiaries of the Group operating in Mainland China were subject to CIT at a rate of 25% for the year ended 31 December 2018. Zhuhai Xinshilichuang and Xizang Boding enjoyed a preferential CIT rate of 15% during 2018.

PRC land appreciation tax

According to the requirements of the Provisional Regulations of the PRC on Land Appreciation Tax ("LAT") (中華人民共和國土地增值稅暫行條例) effective from 1 January 1994 and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例實施細則) effective from 27 January 1995, all income from the sale or transfer of state-owned land use rights and buildings in Mainland China (being the proceeds from sale of properties less deductible expenditures including borrowing costs and property development expenditures) is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation of land value with an exemption provided for property sales of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items.

During the year, the Group estimated and made provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the LAT determined by the tax authorities might be different from the basis on which the provision for LAT is calculated.

	2018	2017
	RMB'000	*RMB'000*
Current:		
PRC CIT	**2,808,394**	1,866,871
LAT	**1,327,257**	598,749
Deferred	**(608,169)**	(518,349)
Total tax charge for the year	**3,527,482**	1,947,271

A reconciliation of the tax expense applicable to profit before tax using the statutory tax rate to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

	2018		2017	
	RMB'000	%	*RMB'000*	%
Profit before tax	**8,338,625**		5,288,181	
Tax at the PRC statutory tax rate	**2,084,656**	**25.0**	1,322,045	25.0
Adjustment for different tax rates of certain companies	**81,329**	**1.0**	(259)	–
Income not subject to tax	**(43,405)**	**(0.5)**	(89,329)	(1.7)
Expenses not deductible for tax	**94,400**	**1.1**	37,827	0.7
Provision for LAT	**1,250,665**	**15.0**	547,969	10.3
Tax effect of LAT	**(312,666)**	**(3.7)**	(136,992)	(2.6)
Tax losses not recognised	**268,664**	**3.2**	297,855	5.6
Tax losses utilised from previous periods	**(7,673)**	**(0.1)**	(7,571)	(0.1)
Profits and losses attributable to associates and joint ventures	**82,633**	**1.0**	(59,432)	(1.1)
Withholding taxes on undistributed profits of the subsidiaries in Mainland China	**28,879**	**0.3**	35,158	0.7
Tax charge at the Group's effective rate	**3,527,482**	**42.3**	1,947,271	36.8

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares of 1,833,817,000 (2017: 1,767,379,000) in issue during the year.

	2018	2017
Profit attributable to ordinary equity holders of the Company (RMB'000)	**4,399,190**	2,667,154
Weighted average number of ordinary shares in issue (in thousand)	**1,833,817**	1,767,379
Basic earnings per share (RMB cents per share)	**240**	151

The diluted earnings per share amount is calculated by adjusting the profit for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares into ordinary shares. The Company's dilutive potential ordinary shares are derived from the convertible bonds. In calculating the diluted earnings per share, the convertible bonds are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expenses charged to the consolidated statement of profit or loss and changes in fair value of the derivative component of the convertible bonds less the tax effect, if applicable.

	2018	2017
Profit attributable to ordinary equity holders of the Company (RMB'000)	**4,399,190**	2,667,154
Interest expenses charged to the consolidated statement of profit or loss for the year (RMB'000)	**–**	–
Profit used to determine diluted earnings per share (RMB'000)	**4,399,190**	2,667,154
Weighted average number of ordinary shares in issue (in thousand)	**1,833,817**	1,767,379
Assumed conversion of the convertible bonds (in thousand)	**–**	66,438
Weighted average number of ordinary shares for diluted earnings per share (in thousand)	**1,833,817**	1,833,817
Diluted earnings per share (RMB cents per share)	**240**	145

9. DIVIDENDS

The proposed 2017 final dividend of RMB41.43 cents per share, totalling RMB759,750,000 was approved by the Company's shareholders at the annual general meeting on 18 May 2018 and was distributed in July 2018.

The board of directors recommended the payment of a final dividend of RMB68.77 cents per share totalling RMB1,261,073,000, for the year ended 31 December 2018 (2017: RMB41.43 cents).

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

10. TRADE RECEIVABLES

The Group's trade receivables mainly arise from the sale of completed properties. Considerations in respect of the properties sold are payable by the purchasers in accordance with the terms of the related sale and purchase agreements. Trade receivables are interest-free.

	2018	2017
	RMB'000	*RMB'000*
Trade receivables	**4,909,890**	3,253,356
Less: allowance for credit losses	**(20,206)**	–
	4,889,684	3,253,356

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2018	2017
	RMB'000	*RMB'000*
Within 3 months	**3,381,960**	2,522,264
4 to 6 months	**32,013**	106,772
7 to 12 months	**369,821**	88,515
Over 1 year	**1,105,890**	535,805
	4,889,684	3,253,356

11. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2018	2017
	RMB'000	*RMB'000*
Within 1 year	**8,057,054**	3,157,584
Over 1 year	**463,764**	679,548
	8,520,818	3,837,132

The trade and bills payables are unsecured, interest-free and repayable within the normal operating cycle or on demand.

CHAIRMAN'S STATEMENT

Dear Shareholders,

In the past year of 2018, we, Times people, have gained our own happiness through hard work under the guidance of annual theme "diligence and courage". The Company has been selected into the Hang Seng Composite LargeCap & MidCap Index, Hang Seng Stock Connect Hong Kong Index and Hang Seng Stock Connect Big Bay Area Composite Index. Urban redevelopment business has made a breakthrough while the quality of land reserves has further enhanced. The annual contracted sales reached RMB60.59 billion, representing an increase of 45.5% over last year; profit for the year amounted to RMB4.81 billion, representing an increase of 44.0% over last year; core net profit attributable to shareholders was RMB4.2 billion, representing an increase of 66.0% over last year; basic earning per share was RMB2.4 representing an increase of 58.9% over last year. At a time of weak economic growth, we have still been able to maintain a rapid development.

Year 2018 was meaningful with deep significance to Times China. It was the year that we changed our name to "Times China" and proposed a new vision, a new role and a new target. We are committed to "becoming a Global Top-500 Company" and "empowering more people to live with a lifestyle they dream of". It was the year that, for the first time we entered Chengdu, the core city of southwest metropolitan circle, making a new breakthrough in business layout. It was the year that we put more efforts in promoting digitalized construction and made a big step towards achieving digitalized management. It was the year that we upgraded the product system by building a brand-new 1+3+X product system, which took the Company's products to the next level. It was the year that, by starting with a "toilet revolution", we have begun "quality services" to comprehensively enhance service level. A series of revelation have realized leaps of corporate governance and value creation in the Company, laying a solid foundation for 2019.

2019, the year of our "Leap".

2019 is the 20th year since the establishment of Times China. It is a year of linking the past achievements and future development. It is also a crucial year to Times China from an enterprise at ten-billion-level escalating to an enterprise at hundred-billion-level. The economy is expected to be surrounded by uncertainties and that more difficulties are ahead and will not vanish. Nevertheless, to achieve our long term goal, we shall despite wind and rain go. The leap is to let us stand on a higher starting point for a brighter future. There is no short cut to success. To realize the "leap", there is no alternative but to work harder.

Dear Shareholders, as President Xi addressed in the 2019 New Year Speech, "We are running at full speed towards the realization of our dreams". Times China has taken an important step on the road to becoming a Global Top-500 Company. We will as always adhere to the value of "Love, Concentration, Creativity" and commit to empowering more people to live with a lifestyle they dream of. Let us work together to create a future better than ever.

Shum Chiu Hung
Chairman of the Board, Executive Director and Chief Executive Officer

12 March 2019

BUSINESS REVIEW

Overview

For 2018, the Group's operations recorded a revenue of RMB34,375.0 million, representing an increase of 48.7% when compared with that of 2017. Profit for 2018 amounted to RMB4,811.1 million, representing an increase of 44.0% when compared with that of 2017. The core net profit for 2018 (excluding changes in fair values of investment properties and the derivative component of the convertible bonds, net of the impact of the related deferred tax, the premium paid on early redemption of senior notes, gain or loss incurred from bargain purchase or deemed disposals of subsidiaries and joint ventures, gain on remeasurement of the pre-existing interests in the joint ventures and impairment loss on goodwill) increased to RMB4,563.2 million, representing an increase of 42.5% when compared with that of 2017. Profit attributable to the owners of the Company amounted to RMB4,399.2 million, representing an increase of 64.9% as compared to that of 2017. Basic earnings per share and diluted earnings per share for 2018 were RMB240 cents (2017: RMB151 cents) and RMB240 cents (2017: RMB145 cents), respectively, representing an increase of 58.9% and 65.5% respectively.

Property Development

The Group focuses on the major core cities in the Pearl River Delta area. As at 31 December 2018, the Group had in total 99 major projects on various stages, including 96 projects in major cities of Guangdong Province, namely, Guangzhou, Foshan, Jiangmen, Dongguan, Huizhou, Zhuhai, Zhongshan, Qingyuan and Zhaoqing, and 2 projects in Changsha, Hunan Province and 1 project in Chengdu, Sichuan province. For 2018, with its outstanding operating capability and high quality projects situated in prime locations, the Group still managed to accomplish expected contracted sales for the year. For 2018, the Group's contracted sales[1] amounted to approximately RMB60.59 billion with total GFA of approximately 3,733,000 sq.m.. The Group focuses in its projects on peripheral facilities, seeking to enhance customers' experience in art and to fulfill the needs of the middle to upper class households.

Note 1: Contracted sales is summarised based on sale and purchase agreements and purchase confirmation agreements.

The table below illustrates the contracted sales achieved by the Group by region for 2018:

Region	**Available for sale project numbers**	**Contracted sales area** *(sq.m.)*	**Contracted sales amount** *(RMB million)*	**Percentage of amounts** *(%)*
Guangzhou	21	810,000	18,228	30.1
Foshan	23	1,268,000	21,685	35.8
Jiangmen	5	185,000	1,534	2.5
Zhuhai	11	378,000	7,023	11.6
Zhongshan	8	101,000	1,384	2.3
Qingyuan	12	355,000	3,314	5.5
Changsha	5	324,000	2,644	4.3
Huizhou	3	94,000	930	1.5
Dongguan	6	218,000	3,853	6.4
Total	94	3,733,000	60,595	100.0

The contracted sales target for 2019 is expected to be of approximately RMB75 billion.

Urban redevelopment business

The Group's new income from urban redevelopment business for the year amounted to RMB2,775.7 million. The income was mainly generated from the Guangzhou Fengding project, the Foshan Taiping project and the Foshan Tanghong project.

Properties for Leasing and Sub-leasing

As at 31 December 2018, the Group held a GFA of approximately 46,138 sq.m. and 204 car parking spaces at Times Property Center and a GFA of approximately 37.567 sq.m. at Block No. 26 of Times King City (Zhongshan) for rental purposes and the GFA for Guangzhou Times Commercial Management Co., Ltd. and its subsidiary for sub-leasing purposes was approximately 472,984 sq.m.. For 2018, the Group's rental income amounted to RMB328.0 million, contributing to 1.0% of the total income.

Property Management Services

Property management fee income represents revenue generated from property management services provided in relation to delivered properties. For 2018, the Group provided property management services for 101 project phases. The Group's revenue from property management services increased from RMB347.4 million for 2017 to RMB492.3 million for 2018. This increase was primarily due to the increase in the number of project phases that the Group managed with the delivery of the properties we made in 2018.

Land Reserves

As at 31 December 2018, the Group had total land reserves of approximately 18.4 million sq.m., which the Group believes will be sufficient to support the Group's development need for the next three to five years. The table below sets forth the information of land reserves in major cities that the Group has established footholds:

Region	**Total land reserves**	
	(sq.m.)	*(%)*
Guangzhou	2,291,415	12.4
Foshan	2,672,191	14.5
Jiangmen	1,693,617	9.2
Zhuhai	885,873	4.8
Zhongshan	1,385,193	7.5
Qingyuan	5,896,823	32.0
Changsha	1,250,358	6.8
Dongguan	815,138	4.4
Huizhou	1,291,749	7.0
Chengdu	84,683	0.4
Zhaoqing	179,031	1.0
Total	18.446,071	100.0

The following table sets forth the GFA breakdown of the Group's land reserves by planned use as at 31 December 2018:

Planned Use	**Total land reserves** *(sq.m.)*	*(%)*
Residential	12,464,191	67.6
Commercial	1,086,216	5.9
Others *(Note)*	4,895,664	26.5
Total	18,446,071	100.0

Note: Others mainly comprises car parks and ancillary facilities.

Portfolio of Property Development Projects

The table below is a summary of the portfolio of property development projects as at 31 December 2018[1].

Project	Project type	Actual/ expected completion dates	Site area	Completed GFA for sale[2][4] *(sq.m.)*	Completed Other GFA[3] *(sq.m.)*	Under development/ future development GFA[4] *(sq.m.)*	Under development/ future development Other GFA[3] *(sq.m.)*	Ownership interest[5] *(%)*
Guangzhou								
Times Bund	Residential and commercial	2013-2016	92,123	–	30,520	–	–	99
Ocean Times	Residential and commercial	2011-2015	354,156	11,325	23,170	–	–	91
Guangzhou Tianhe Project (Pige Factory Project)	Industrial	Pending	–	–	–	–	–	51
Guangzhou Tiansi Project (Qingchu Shiliu Gang Project)	Industrial	Pending	–	–	–	–	–	42
Yun Du Hui	Apartment and commercial	2015	17,480	–	630	–	–	50
Times Cloud Atlas (Guangzhou)	Residential and commercial	2016	45,593	–	6,160	–	–	100
Times Bridges (Zengcheng)	Residential and commercial	2017	93,756	–	91,350	–	–	100
Times Centralpark Living (Guangzhou)	Residential and commercial	2017	70,648	–	74,199	–	–	100

Project	Project type	Actual/ expected completion dates	Site area	Completed GFA for sale[(2)(4)]	Completed Other GFA[(3)]	Under development/ future development GFA[(4)]	Under development/ future development Other GFA[(3)]	Ownership interest[(5)]
				(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(%)*
NanSha Times Long Island Project	Residential and commercial	2016-2018	71,310	1,808	41,755	–	–	100
Times Cloud Port (Huadu)	Residential and commercial	2020	29,959	–	–	85,661	24,151	100
Times Park Laurel (Guangzhou)	Residential and commercial	2018	45,537	22,394	–	–	57,284	60
Times Aerobic City (Guangzhou)	Residential and commercial	2018	64,374	10,984	–	–	79,372	95
Huangpu Chemical	Commercial	Pending	18,279	–	–	82,256	–	45
B2-2 land parcel, Sino-Singapore Knowledge City Project	Residential and commercial	2019	61,145	–	–	149,276	59,490	60
B2-1 land parcel, Sino-Singapore Knowledge City Project	Residential and commercial	2018-2019	103,890	92,068	5,246	110,676	67,091	60
Times Cambridge (Huadu)	Residential and commercial	2017-2018	31,665	11,162	22,443	–	–	100
Project of Shigang Road, Haizhu District	Residential and commercial	2021	20,211	–	–	39,654	44,192	70
Times Fairy Land	Residential and commercial	2019	20,076	–	–	58,340	17,483	91
Times Forture	Residential and commercial	2018	20,177	74,688	–	–	36,199	100
Guangzhou Times The Shore	Residential and commercial	2020	53,985	–	–	138,035	56,040	60
Project of Qinghe East Road, Panyu, Guangzhou	Residential and commercial	2021	27,256	–	–	83,600	37,485	51
Project of ChengaihuiXintang, Zengcheng, Guangzhou	Residential and commercial	2020	24,825	–	–	75,915	30,395	20

Project	Project type	Actual/ expected completion dates	Site area	Completed GFA for sale[(2)(4)] (sq.m.)	Completed Other GFA[(3)] (sq.m.)	Under development/ future development GFA[(4)] (sq.m.)	Under development/ future development Other GFA[(3)] (sq.m.)	Ownership interest[(5)] (%)
Tendering, Auction or Listing Project of Jiuhe Village (for the land parcel on the North), Times Realm (Guangzhou)	Residential and commercial	2020	90,976	–	–	291,124	–	51
Tendering, Auction or Listing Project of Jiuhe Village (for the land parcel on the South), Times Realm (Guangzhou)	Residential and commercial	2021	31,509	–	–	97,719	50,075	100
Foshan								
Times King City (Shunde)	Residential and commercial	2016-2017	125,782	–	31,570	–	–	100
Times City (Foshan)	Residential and commercial	2010-2017	505,776	–	92,817	–	–	100
Times City (Foshan) Phase V and VI	Residential and commercial	2016	12,860	–	3,084	–	–	100
Times Cloud Atlas (Foshan)	Residential and commercial	2015-2016	58,149	–	23,870	–	–	100
Times King City (Foshan) Phase IV	Residential and commercial	2015	34,308	–	355	–	–	91
Goden Lotus (Foshan)	Residential and commercial	2017	20,464	–	2,310	–	–	100
Times Prime (Foshan)	Residential and commercial	2017	17,148	–	910	–	–	100
Times Riverbank (Foshan)	Residential and commercial	2017	64,697	–	15,805	–	–	51
Times The Shore (Foshan)	Residential and commercial	2017	51,457	–	7,753	–	–	100
Times Classic (Foshan)	Residential and commercial	2018	35,383	–	28,185	–	–	100

Project	Project type	Actual/ expected completion dates	Site area	Completed GFA for sale[(2)(4)]	Completed Other GFA[(3)]	Under development/ future development GFA[(4)]	Under development/ future development Other GFA[(3)]	Ownership interest[(5)]
				(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(%)*
Times Riverbank (Foshan) Phase II	Residential and commercial	2018-2019	111,658	55,843	–	257,602	109,279	75
Ocean Times (Foshan) Phase I	Residential and commercial	2018	105,553	3,169	–	–	79,792	100
Timing Home	Residential and commercial	2019	40,794	–	–	141,030	40,677	60
Ocean Times (Foshan) Phase II	Residential and commercial	2019	89,927	–	–	289,576	69,038	60
Mt. Tittlis (Foshan)	Residential and commercial	2019	117,893	–	–	304,560	99,304	90
Project of Juxian, Nanshan, Sanshui, Foshan	Residential and commercial	2020	49,125	–	–	157,001	36,304	100
Project of Aoli Garden, Datang, Sanshui, Foshan	Residential and commercial	2018-2019	91,760	–	–	215,992	64,868	80
Project of Xinya, Nanhai, Foshan	Residential and commercial	2020	41,772	–	–	133,659	55,352	100
Times Starry Mansion, (Foshan)	Residential and commercial	2018-2019	37,835	79,363	17,148	57,616	29,414	75
Times Merchants Tianxi (時代招商天禧) (Foshan)	Residential and commercial	2020	43,518	–	–	122,725	46,220	100
Jiangmen								
Times King City (Heshan)	Residential and commercial	2019-2020	120,804	–	–	295,620	82,210	70
Lake Forest	Residential and commercial	2019-2020	316,980	–	–	402,838	128,415	51
Central Park Living	Residential and commercial	2019	90,034	–	–	182,539	45,755	100
Project of Grace Spring Villa, Enping	Residential and commercial	2020	156,743	–	–	257,796	77,226	51

Project	Project type	Actual/ expected completion dates	Site area	Completed GFA for sale[(2)(4)] (sq.m.)	Completed Other GFA[(3)] (sq.m.)	Under development/ future development GFA[(4)] (sq.m.)	Under development/ future development Other GFA[(3)] (sq.m.)	Ownership interest[(5)] (%)
Times Horizon, Heshan	Residential and commercial	2020	49,735	–	–	125,683	33,003	90
Project of Left Bank Garden (左岸花園), Enping	Residential and commercial	2020	22,248	–	–	47,568	14,964	51
Zhuhai								
Times Eolia City Phase VI	Residential and commercial	2013-2014	51,003	–	525	–	–	100
Times Harbor (Zhuhai)	Residential and commercial	2015	81,393	–	8,750	–	–	100
Times King City (Zhuhai) Phase I	Residential and commercial	2015	52,950	–	6,615	–	–	100
Times King City (Zhuhai) Phases II, III and IV	Residential and commercial	2016-2017	198,204	–	3,708	–	–	100
The Shore (Zhuhai)	Residential and commercial	2016-2017	119,169	–	41,160	–	–	100
Baoli Xiangbin Huayuan Project	Residential and commercial	2017	77,206	–	–	–	16,478	49
Zhuhai Baisheng	Industrial	Pending	100,331	–	–	–	–	100
West of Tin Ka Ping Secondary School, Zhuhai	Residential and commercial	2018	85,363	1,708	49,318	–	–	100
Times Eolia City (Zhuhai)	Residential and commercial	2018	53,963	–	–	–	38,852	60
Times King City (Zhuhai) Phase V	Residential and commercial	2018	17,791	–	14,660	–	–	80
Top Plaza	Residential and commercial	2019-2021	60,138	–	–	259,114	85,308	50
West of Heyi Road (Middle), Baijiao Township, Doumen District, Zhuhai	Residential and commercial	2019	20,000	–	–	41,202	9,504	60

Project	Project type	Actual/ expected completion dates	Site area	Completed GFA for sale[(2)(4)] (sq.m.)	Completed Other GFA[(3)] (sq.m.)	Under development/ future development GFA[(4)] (sq.m.)	Under development/ future development Other GFA[(3)] (sq.m.)	Ownership interest[(5)] (%)
Times Horizon II	Residential and commercial	2019	11,393	–	–	28,623	10,698	50
Times Horizon III	Residential and commercial	2020	23,712	–	–	61,032	17,919	50
Times Horizon I	Residential	2020	9,540	–	–	23,622	9,486	38
Times Horizon IV	Residential and commercial	2020	48,432	–	–	115,367	42,224	38
Zhongshan								
Times King City (Zhongshan)	Residential and commercial	2013-2015	101,821	–	33,775	–	–	100
Times Cloud Atlas (Zhongshan)	Residential and commercial	2015-2016	46,667	–	567	–	–	100
Jin Sha Project (Zhongshan)	Residential and commercial	2020	132,290	–	–	384,292	150,818	58
Royal City (Zhongshan)	Residential and commercial	2018-2021	104,430	–	–	313,913	97,225	49
Times Byland (Zhongshan)	Residential and commercial	2014-2020	54,725	–	–	86,105	–	19
Sanxi Village Project (Zhongshan)	Residential and commercial	2019	39,351	–	–	75,131	29,385	100
Baoyi Project (Zhongshan)	Residential and commercial	2019-2020	26,256	–	–	61,926	21,234	100
Jieyue Project of Times North Shore (Zhongshan)	Residential and commercial	2019	25,672	–	–	47,651	19,058	100
Guanfu Project of Times North Shore (Zhongshan)	Residential and commercial	2020	24,328	–	–	45,308	18,805	100
Qingyuan								
Times King City (Qingyuan)	Residential and commercial	2014-2019	301,368	–	31,815	283,223	92,182	100

Project	Project type	Actual/ expected completion dates	Site area	Completed GFA for sale[2][4]	Completed Other GFA[3]	Under development/ future development GFA[4]	Under development/ future development Other GFA[3]	Ownership interest[5]
				(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(%)*
Times Garden (Qingyuan) Phase I	Residential and commercial	2016	70,650	–	33,086	–	–	100
Times Garden (Qingyuan) Phase II	Residential and commercial	2019-2020	84,440	–	–	235,556	77,921	100
Fogang Shilian Project	Residential and commercial	2026	551,087	–	–	1,090,746	43,896	100
Fogang Huanghua Lake Project	Residential and commercial	2020-2023	477,020	–	–	905,245	321,747	100
The Shore II (Qingyuan) Jiada Feilai Lake Project	Residential and commercial	2021	91,127	–	–	331,765	111,191	100
The Shore (Qingyuan) Wanda West Project	Residential and commercial	2019	68,840	–	–	253,323	80,827	90
Times King City (Qingyuan) Phase IX (Heshun Project)	Residential and commercial	2019	42,214	–	–	159,470	56,470	100
Fogang Songfeng Project	Residential and commercial	2020	118,164	–	–	358,874	119,290	70
The Shore II (Qingyuan) Hengda Feilai Lake Project	Residential and commercial	2019-2020	133,102	–	–	475,065	158,732	100
Feilai South Road Project (Qingyuan)	Residential and commercial	2020	23,137	–	–	69,927	28,173	60
Times Sweet (Qingyuan)	Residential and commercial	2019-2020	28,620	–	–	97,403	23,200	100
Xinteng Project (Qingyuan)	Residential and commercial	2020-2021	123,987	–	–	352,672	105,024	75
Changsha								
Times King City (Changsha)	Residential and commercial	2013-2021	649,862	–	63,765	897,891	103,386	100
Times Prime (Changsha)	Residential and commercial	2019-2020	48,017	–	–	144,051	41,265	55

Project	Project type	Actual/ expected completion dates	Site area	Completed GFA for sale[(2)(4)] (sq.m.)	Completed Other GFA[(3)] (sq.m.)	Under development/ future development GFA[(4)] (sq.m.)	Under development/ future development Other GFA[(3)] (sq.m.)	Ownership interest[(5)] (%)
Dongguan								
Times King City (Dongguan)	Residential and commercial	2018	55,792	4,608	–	–	26,837	52
Times Realm (Dongguan)	Residential and commercial	2018-2020	79,190	13,853	–	–	39,120	100
Times Thriving City (Dongguan)	Residential and commercial	2018-2020	42,519	108,723	–	–	20,522	100
Acquisition Project of Xiaohe Road, Daojiao Town (Dongguan)	Residential and commercial	2019-2021	56,298	–	–	171,649	48,711	60
Project of Luwu Village, Changping Town (Dongguan)	Residential and commercial	2019-2020	26,345	–	–	78,636	12,360	17
Shipai Town Project (Dongguan)	Residential and commercial	2019-2020	95,977	–	–	212,143	77,976	13
Huizhou								
Desai Land Parcel of Gutang'ao	Residential and commercial	2019-2020	284,414	–	–	630,058	223,698	49
Golden Totus (Huizhou)	Residential and commercial	2019	23,459	–	–	77,092	25,796	80
Vantin Casa (Huizhou)	Residential and commercial	2018-2020	71,274	–	–	93,539	43,048	100
Sanhe Road Housing Estate (Huizhou)	Residential and commercial	2020	62,000	–	–	151,872	46,646	80
Chengdu								
Times King City (Chengdu)	Residential and commercial	2020	30,429	–	–	62,133	22,550	100
Zhaoqing								
Times Bund (Zhaoqing)	Residential and commercial	2020	59,677	–	–	179,031	–	100
Total			9,066,470	491,696	807,024	13,058,711	4,088,640	

(1) The table above includes properties for which (i) the Group has obtained the relevant land use rights certificate(s), but has not obtained the requisite construction permits or (ii) the Group has signed a land grant contract with the relevant government authority, but has not obtained the land use rights certificate(s). The figures for total and saleable GFA are based on figures provided in the relevant governmental documents, such as the property ownership certificates, the construction work planning permits, the pre-sale permits, the construction land planning permits or the land use rights certificate. The categories of information are based on our internal records.

(2) Certain completed projects have no GFA available for sale by the Group as all saleable GFA have been sold, pre-sold or rented out.

(3) "Other GFA" mainly comprises car parks and ancillary facilities.

(4) "GFA for sale" and "GFA under development and GFA held for future development" are derived from the Group's internal records and estimates.

(5) "Ownership interest" is based on the Group's effective ownership interest in the respective project companies.

Acquisitions of Land Parcels during the year 2018

The Group continued to expand its land reserves through various channels, including participations in government public auctions, urban redevelopment projects, primary development, cooperation and acquisitions.

For 2018, the Group acquired 23 parcels of land in Guangzhou, Foshan, Zhuhai, Jiangmen, Zhongshan, Qingyuan, Dongguan, Chengdu and Zhaoqing, and the land acquisition costs amounted to a total of approximately RMB12,967 million.

Location (City) of Projects	**Number of projects**	**Site area**	**Expected total GFA**	**Total land costs**
		(sq.m.)	*(sq.m.)*	*(RMB million)*
Guangzhou	4	174,567	590,053	4,135
Foshan	5	264,011	799,020	4,986
Zhuhai	2	57,971	130,826	431
Jiangmen	3	228,725	463,744	420
Zhongshan	3	76,256	165,639	322
Qingyuan	1	123,987	347,165	1,163
Dongguan	3	178,621	461,193	730
Chengdu	1	30,429	60,858	307
Zhaoqing	1	59,677	179,031	473
Total	**23**	**1,194,244**	**3,197,529**	**12,967**

Market Review

During the Reporting Period, the real estate sector maintained a growth in both transaction volume and price, hitting a record high and the sector has grown at a slower pace. According to the data from the National Bureau of Statistics, the saleable area of commercial properties reached 1,716.54 million sq.m. nationwide and increased by 1.3% on a year-on-year basis, representing a decrease of 6.4 percentage points in growth rate compared with the corresponding period of last year. The transaction volume of commercial properties amounted to RMB14,997.3 billion and increased by 12.2% on a year-on-year basis, representing a decrease of 1.5 percentage points in growth rate compared with the corresponding period of last year.

During the year, the regulatory policies continued and the discipline of the sector gradually became stable. With the increasing downward pressure on the economy during the second half of the year, individual cities adjusted the regulatory policies to resist downward pressure.

With the promotion of financial deleveraging, the funds in the market are generally tight. Land prices were generally stable with a slight decline. According to the data of the China Index Academy, the average price of floor area of residential land transactions across 300 cities in China was RMB3,789 per sq.m., representing a growth rate of –7.4% on a year-on-year basis, which was generally stable with a slight decline.

Prospects

Looking forward to 2019, the Chinese economy is expected to maintain its steady growth, as the country maintains its moderate and loose monetary policy and proactive fiscal policy. Policy on real estate will be remained stable with the government more focusing on developing different strategies for different cities, as the real estate industry is still the stabilizer of economic development in China. The housing enterprises' financing environment will be improved but capital flowing into the real estate industry still remains constrained. Individual housing loan will be supported with the borrowing cost stably falling. The transactions in the real estate market generally remain stable with performance differentiated across regional markets.

The Group will ensure sustainable and robust development of our core businesses, proactively expand our operations such as industry, commerce, community services, households and home interior fitting and education.

The core economic circle will enjoy even greater value, with continuous population inflow and further infrastructure improvement, offering sustainable drive to industry development. The Group continued to deepen its presence across the Guangdong-Hong Kong-Macau Greater Bay Area, boost its market share in regions where the Group has made its presence; meanwhile extend its layout across other cities in the Guangdong Province, in which economies are well-developed, and to other cities with high growth potential in China.

We will maintain a prudent investment strategy and ensure sufficient and quality land reserve and sustainable growth of urban redevelopment business through proactively participating in urban redevelopment projects.

In addition, the Group will strengthen cash flow management, adhere to procure sales proactively, and enhance turnover rate of capitals.

Financial Review

Revenue

The Group's revenue is primarily generated from property development, urban redevelopment business, property leasing and sub-leasing and property management services, which contributed about 89.5%, 8.1%, 1.0% and 1.4% respectively of the revenue of 2018. The Group's revenue increased by RMB11,265.0 million, or 48.7%, to RMB34,375.0 million for 2018 from RMB23,110.0 million for 2017. This increase was primarily attributable to the increase in revenue from the sale of properties and urban redevelopment business.

The table below sets forth the Group's revenue by operating segments as indicated:

	Year 2018		Year 2017	
	(RMB in millions)	***(%)***	*(RMB in millions)*	*(%)*
Sales of properties	**30,779.0**	**89.5**	22,473.1	97.2
Income from urban redevelopment business	**2,775.7**	**8.1**	–	0.0
Rental income	**328.0**	**1.0**	289.5	1.3
Property management fee income	**492.3**	**1.4**	347.4	1.5
	34,375.0	**100.0**	23,110.0	100.0

Property development

The Group's revenue from sales of properties increased by RMB8,305.9 million, or 37.0%, to RMB30,779.0 million for 2018 from RMB22,473.1 million for 2017. The increase was primarily due to the increase in delivered gross floor area for the year. The projects that contributed substantially to the Group's revenue for 2018 mainly included Times Park Laurel, Phase I of Ocean Times (Foshan), Phase II to Phase III of Times King City (Changsha), City Garden of Zhuhai Times King City, Phase II of Times Long Island, Times Aerobic City, etc.

Urban redevelopment business

The Group's new income from urban redevelopment business for the year amounted to RMB2,775.7 million. The income was mainly generated from the Guangzhou Fengding project, the Foshan Taiping project and the Foshan Tanghong project.

Property leasing and sub-leasing

The Group's gross rental income increased by RMB38.5 million, or 13.3%, to RMB328.0 million for 2018 from RMB289.5 million for 2017. The increase was primarily due to the rise in rental and occupancy rate.

Property management services

The Group's revenue from property management services increased by RMB144.9 million, or 41.7%, to RMB492.3 million for 2018 from RMB347.4 million for 2017. The increase was primarily attributable to the increase in the number of projects and areas that the Group managed.

Cost of sales

The Group's cost of sales increased by RMB7,094.1 million, or 42.6%, to RMB23,754.2 million for 2018 from RMB16,660.1 million for 2017. The increase was primarily attributable to the increase of property sales.

Gross profit and gross profit margin

The Group's gross profit increased by RMB4,170.9 million, or 64.7%, to RMB10,620.8 million for 2018 from RMB6,449.9 million for 2017. For 2018, the Group's gross profit margin increased to 30.9% from 27.9% for 2017. The increase was primarily due to the increase in recognised income from products with higher gross profit margin as compared with 2017 and the addition of urban redevelopment business which has a higher gross profit margin.

Other income and gains

The Group's other income and gains increased to RMB1,030.6 million for 2018 from RMB818.2 million for 2017 which is primarily due to the increase in gains from disposal of some joint ventures, the increase in valuation gains from acquisition of joint ventures, the increase in fair value gains on properties and bank interest income.

Selling and marketing costs

The Group's selling and marketing costs increased by RMB212.7 million, or 34.1%, from RMB622.9 million for 2017 to RMB835.6 million for 2018. The increase was mainly due to the increase in sales volume.

Administrative expenses

The Group's administrative expenses increased by RMB379.6 million, or 51.8%, to RMB1,111.9 million for 2018 from RMB732.3 million for 2017, which was primarily due to the increase in the number of employees resulting from business expansion of the Company.

Other expenses

The Group's other expenses decreased by RMB81.0 million to RMB367.5 million for 2018 from RMB448.5 million for 2017. The decrease was primarily due to the absence of effect of the fair value loss of the derivative component of the convertible bonds.

Finance costs

The Group's finance costs increased by RMB266.3 million, or 66.4%, to RMB667.2 million for 2018 from RMB400.9 million for 2017. The increase was primarily due to an increase in the amounts of bank facilities in relation to the Group's land acquisitions and expansion of property developments.

Income tax expenses

The Group's income tax expenses increased by RMB1,580.2 million, or 81.1%, to RMB3,527.5 million for 2018 from RMB1,947.3 million for 2017. The increase was primarily attributable to the increase in the Group's taxable profit in 2018.

Profit for the year

The Company's profit for the year increased by RMB1,470.2 million, or 44.0%, to RMB4,811.1 million as of 31 December 2018 from RMB3,340.9 million as of 31 December 2017. Basic earnings per share and diluted earnings per share for 2018 were RMB240 cents (2017: RMB151 cents) and RMB240 cents (2017: RMB145 cents) respectively.

Profit attributable to the owners of the Company

Profit attributable to the owners of the Company increased by RMB1,732.0 million, or 64.9%, to RMB4,399.2 million for the year ended 31 December 2018 from RMB2,667.2 million for the year ended 31 December 2017. Core net profit attributable to the owners of the Company (excluding changes in fair values of investment properties and the derivative component of the convertible bonds, net of the impact of the related deferred tax, the premium paid on early redemption of senior notes, gain or loss incurred from bargain purchase or deemed disposals of subsidiaries and joint ventures, gain on remeasurement of the pre-existing interests in the joint ventures and impairment loss on goodwill) increased by RMB1,671.2 million, or 66.0% to RMB4,203.6 million for the year ended 31 December 2018 from RMB2,532.4 million for the year ended 31 December 2017.

Liquidity, Financial and Capital Resources

Cash position

As at 31 December 2018, the carrying balance of the Group's cash and bank deposits was approximately RMB27,425.7 million (31 December 2017: RMB17,206.8 million), representing an increase of 59.4% when compared with that of 31 December 2017. Under relevant PRC laws and regulations, some of the Group's project companies are required to place a certain amount of pre-sale proceeds in designated bank accounts as guarantee deposits for construction of the relevant properties. These guarantee deposits may only be used for payments to construction contractors in the project development process and for other construction-related payments, such as purchase of materials. The remaining guarantee deposits are released when certificates of completion for the relevant properties have been obtained. In addition, a portion of the Group's bank deposits represented loan proceeds in the monitoring accounts designated by the banks, in which case the use of the restricted bank deposits, subject to the banks' approval, is restricted to the purposes as set out in the relevant loan agreements. The remaining restricted deposits were primarily time deposits. As at 31 December 2018, the Group's restricted bank deposits was RMB4,051.5 million (31 December 2017: RMB2,943.8 million).

Borrowings and pledged assets

The Group had aggregate interest-bearing bank loans and other borrowings of approximately RMB47,630.9 million as at 31 December 2018. Borrowings that are due within one year increased from RMB6,030.0 million as at 31 December 2017 to RMB7,311.8 million as at 31 December 2018, and approximately RMB39,320.3 million of borrowings are due within two to five years and approximately RMB998.8 million of borrowings are due in over five years. As at 31 December 2018, the Group's outstanding borrowings were secured by certain of its property, plant and equipment, interests in joint ventures, properties under development, investment properties and prepaid land lease payments with carrying values of approximately RMB252.4 million, RMB562.1 million, RMB3,360.2 million, RMB861.0 million and RMB543.8 million respectively.

Details of the equity or debt securities issued by the Company and/or its subsidiaries are set out below:

(a) RMB7.50% Public Domestic Corporate Bonds due 2021

On 7 December 2018, 廣州市時代控股集團有限公司 (Guangzhou Times Holdings Group Co., Ltd.*) ("Guangzhou Times", formerly known as 廣州市時代地產集團有限公司 (Guangzhou Times Property Group Co., Ltd*)) issued 7.50% public domestic corporate bonds due 2021 in a principal amount of RMB1,100,000,000 ("RMB7.50% Public Domestic Corporate Bonds due 2021"). Guangzhou Times is entitled to adjust coupon rate at the end of the second year, while investors are entitled to sell back. RMB7.50% Public Domestic Corporate Bonds due 2021 are listed on the Shanghai Stock Exchange and bear interest from and including 10 December 2018 at the rate of 7.50% per annum, payable annually in arrears.

(b) RMB8.10% Public Domestic Corporate Bonds due 2023

On 7 December 2018, Guangzhou Times issued 8.10% public domestic corporate bonds due 2023 in a principal amount of RMB1,900,000,000 ("RMB8.10% Public Domestic Corporate Bonds due 2023"). Guangzhou Times is entitled to adjust coupon rate at the end of the third year, while investors are entitled to sell back. RMB8.10% Public Domestic Corporate Bonds due 2023 are listed on the Shanghai Stock Exchange and bear interest from and including 10 December 2018 at the rate of 8.10% per annum, payable annually in arrears.

(c) USD 10.95% Senior Notes due 2020

On 27 November 2018, the Company issued 10.95% senior notes due 2020 ("USD 10.95% Senior Notes due 2020") in a principal amount of USD300,000,000 (approximately equivalent to RMB2,087,726,000). USD 10.95% Senior Notes due 2020 are listed on the SEHK and bear interest from and including 27 November 2018 at the rate of 10.95% per annum, payable semi-annually in arrears.

(d) RMB8.40% Non-Public Domestic Corporate Bonds I due 2021

On 17 October 2018, Guangzhou Times issued 8.40% non-public domestic corporate bonds due 2021 in a principal amount of RMB1,700,000,000 ("RMB8.40% Non-Public Domestic Corporate Bonds I due 2021"). Guangzhou Times is entitled to adjust coupon rate at the end of the second year, while investors are entitled to sell back. RMB8.40% Non-Public Domestic Corporate Bonds I due 2021 are listed on the Shanghai Stock Exchange and bear interest from and including 17 October 2018 at the rate of 8.40% per annum, payable annually in arrears.

(e) RMB8.40% Non-Public Domestic Corporate Bonds II due 2021

On 20 August 2018, Guangzhou Times issued 8.40% non-public domestic corporate bonds due 2021 in a principal amount of RMB2,200,000,000 ("RMB8.40% Non-Public Domestic Corporate Bonds II due 2021"). Guangzhou Times is entitled to adjust coupon rate at the end of the second year, while investors are entitled to sell back. RMB8.40% Non-Public Domestic Corporate Bonds II due 2021 are listed on the Shanghai Stock Exchange and bear interest from and including 20 August 2018 at the rate of 8.40% per annum, payable annually in arrears.

(f) USD 7.85% Senior Notes due 2021

On 4 June 2018, the Company issued 7.85% senior notes due 2021 ("USD 7.85% Senior Notes due 2021") in a principal amount of USD450,000,000 (approximately equivalent to RMB2,884,954,000). USD 7.85% Senior Notes due 2021 are listed on the SEHK and bear interest from and including 4 June 2018 at the rate of 7.85% per annum, payable semi-annually in arrears.

(g) USD 6.25% Senior Notes due 2021

On 17 January 2018, the Company issued 6.25% senior notes due 2021 ("USD 6.25% Senior Notes due 2021") in a principal amount of USD500,000,000 (approximately equivalent to RMB3,296,573,000). USD 6.25% Senior Notes due 2021 are listed on the SEHK and bear interest from and including 17 January 2018 at the rate of 6.25% per annum, payable semi-annually in arrears.

(h) USD 6.6% Senior Notes due 2023

On 30 November 2017, the Company issued 6.6% senior notes due 2023 ("USD 6.6% Senior Notes due 2023") in a principal amount of USD300,000,000 (approximately equivalent to RMB1,981,020,000). USD 6.6% Senior Notes due 2023 are listed on the SEHK and bear interest from and including 30 November 2017 at the rate of 6.6% per annum, payable semi-annually in arrears.

(i) RMB 8.2% Non-Public Domestic Corporate Bonds due 2022

On 8 September 2017, Guangzhou Times issued 8.2% non-public domestic corporate bonds due 2022 ("RMB 8.2% Non-Public Domestic Corporate Bonds due 2022") in a principal amount of RMB1,100,000,000. Guangzhou Times is entitled to adjust coupon rate at the end of the third year, while investors are entitled to sell back. RMB 8.2% Non-Public Domestic Corporate Bonds due 2022 are listed on the Shanghai Stock Exchange and bear interest from and including 8 September 2017 at the rate of 8.2% per annum, payable annually in arrears.

(j) RMB 7.75% Non-Public Domestic Corporate Bonds due 2020

On 8 September 2017, Guangzhou Times issued 7.75% non-public domestic corporate bonds due 2020 ("RMB 7.75% Non-Public Domestic Corporate Bonds due 2020") in a principal amount of RMB500,000,000. Guangzhou Times is entitled to adjust coupon rate at the end of the second year, while investors are entitled to sell back. RMB 7.75% Non-Public Domestic Corporate Bonds due 2020 are listed on the Shanghai Stock Exchange and bear interest from and including 8 September 2017 at the rate of 7.75% per annum, payable annually in arrears.

(k) USD 5.75% Senior Notes due 2022

On 26 April 2017, the Company issued 5.75% senior notes due 2022 ("USD 5.75% Senior Notes due 2022") in a principal amount of USD225,000,000 (approximately equivalent to RMB1,549,013,000). USD 5.75% Senior Notes due 2022 are listed on the SEHK and bear interest from and including 26 April 2017 at the rate of 5.75% per annum, payable semi-annually in arrears.

(l) USD 6.25% Senior Notes due 2020

On 23 January 2017, the Company issued 6.25% senior notes due 2020 ("USD 6.25% Senior Notes due 2020") in a principal amount of USD375,000,000 (approximately equivalent to RMB2,571,450,000). USD 6.25% Senior Notes due 2020 are listed on the SEHK and bear interest from and including 23 January 2017 at the rate of 6.25% per annum, payable semi-annually in arrears.

(m) RMB 7.88% Non-Public Domestic Corporate Bonds due 2019

On 18 January 2016, Guangzhou Times issued 7.88% non-public domestic corporate bonds due 2019 ("RMB 7.88% Non-Public Domestic Corporate Bonds due 2019") in a principal amount of RMB3,000,000,000, with the option to redeem by Guangzhou Times at the end of the second year. RMB 7.88% Non-Public Domestic Corporate Bonds due 2019 are listed on the Shenzhen Stock Exchange and bear interest from and including 18 January 2016 at the rate of 7.88% per annum, payable annually in arrears. On 18 January 2019, the Company redeemed the RMB 7.88% Non-Public Domestic Corporate Bonds due 2019 at a redemption price of RMB3,236,400,000, which equals to 100% of the principal amount of such notes plus the accrued and unpaid interest to the due date.

(n) RMB 7.85% Non-Public Domestic Corporate Bonds due 2018

On 26 October 2015, Guangzhou Times issued 7.85% non-public domestic corporate bonds due 2018 ("RMB 7.85% Non-Public Domestic Corporate Bonds due 2018") in a principal amount of RMB3,000,000,000. RMB 7.85% Non-Public Domestic Corporate Bonds due 2018 were listed on the Shanghai Stock Exchange and bear interest from and including 26 October 2015 at the rate of 7.85% per annum, payable annually in arrears. On 26 October 2018, the Company redeemed the RMB 7.85% Non-Public Domestic Corporate Bonds due 2018 at a redemption price of RMB3,235,500,000, which equals to 100% of the principal amount of such notes plus the accrued and unpaid interest to the due date.

(o) RMB 7.50% Public Domestic Corporate Bonds due 2020

On 10 July 2015, Guangzhou Times issued 6.75% public domestic corporate bonds due 2020 ("RMB 6.75% Public Domestic Corporate Bonds due 2020") in a principal amount of RMB2,000,000,000. Guangzhou Times shall be entitled to increase the coupon rate at the end of the third year and the investors shall be entitled to sell back the bonds. RMB 6.75% Public Domestic Corporate Bonds due 2020 are listed on the Shanghai Stock Exchange and bear interest from and including 10 July 2015 at the rate of 6.75% per annum, payable annually in arrears. In June 2018, holders of RMB 6.75% Public Domestic Corporate Bonds due 2020 have registered to sell back 1,843,920 bonds at a price of RMB100 per share. The Group has subsequently repaid the registered sellback bank bonds of RMB184,392,000 in July 2018. On 10 July 2018, Guangzhou Times adjusted the coupon rate of the bonds to 7.50% ("RMB7.50% Public Domestic Corporate Bonds due 2020").

(p) USD 11.45% Senior Notes due 2020

On 5 March 2018, the Company fully redeemed an aggregate principal amount of USD280,000,000 of 11.45% senior notes due 2020 at a redemption price of USD312,060,000, which equals to 105.725% of the principal amount of such notes plus the accrued and unpaid interest to the due date.

Financial guarantee

As at 31 December 2018, the outstanding guarantee mortgage loans that domestic banks provided to purchasers of the Group's properties amounted to approximately RMB18,017.4 million (31 December 2017: approximately RMB20,223.5 million). These guarantees are released upon the earlier of (i) the relevant certificates of registration of mortgage or the certificates of other interests with respect to the relevant properties being delivered to the mortgagor banks; and (ii) the settlement of mortgage loans between the mortgagor banks and the purchasers of the Group's projects. If a purchaser defaults on a mortgage loan before the guarantees are released, the Group may have to repurchase the underlying property by paying off mortgage. If the Group fails to do so, the mortgagor bank may auction the underlying property and recover any outstanding amount from the Group if the amount of outstanding loan exceeds the net foreclosure sales proceeds from the auction. In line with industry practices, the Group does not conduct independent credit reviews of our customers but rely on the credit reviews conducted by the mortgagor banks.

Foreign currency risks

The Group mainly operates in the PRC and conducts its operations mainly in RMB. The Group will closely monitor the fluctuations of the RMB exchange rate and give prudent consideration as to entering into any currency swap arrangement as and when appropriate for hedging corresponding risks. As at 31 December 2018, the Group had not engaged in hedging activities for managing foreign exchange rate risk.

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

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

Events After the Reporting Period

The Group has the following material subsequent events:

On 24 January 2019, Guangzhou Times issued non-public domestic corporate bonds at a par value of RMB1,100,000,000 in the PRC with a term of three years at the coupon rate of 7.5% per annum (the "RMB7.5% Non-Public Domestic Corporate Bonds due 2022"). Guangzhou Times is entitled to adjust coupon rate at the end of the second year, while investors are entitled to sell back. The RMB7.5% Non-Public Domestic Corporate Bonds due 2022 are non-guaranteed and are listed on the Shanghai Stock Exchange. Further details of the RMB7.5% Non-Public Domestic Corporate Bonds due 2022 have been set out in the related announcement of the Company dated 28 January 2019.

On 21 February 2019, the Company issued 7.625% senior notes due 2022 in a principal amount of USD500,000,000 (approximately equivalent to RMB3,431,600,000) at 100% of the principal amount of such notes (the "USD 7.625% Senior Notes due 2022"). The USD

7.625% Senior Notes due 2022 are listed on the SEHK and bear interest from and including 21 February 2019 at the rate of 7.625% per annum, payable semi-annually in arrears. The Company has received net proceeds of RMB3,386,303,000 by the date of approval of this announcement. Further details of the USD 7.625% Senior Notes due 2022 have been set out in the related announcements of the Company dated 13 February 2019, 14 February 2019 and 21 February 2019.

Employees and Remuneration Policy

As at 31 December 2018, the Group had 9,502 employees (31 December 2017: 7,492 employees). The remunerations of the employees are commensurate with their performance, skills, knowledge, experience and the market trend. Employee benefits provided by the Group include provident fund schemes, medical insurance scheme, unemployment insurance scheme and housing provident fund. The Group reviews the remuneration policies and packages on a regular basis and will make necessary adjustments that accommodate the pay levels in the industry. In addition to basic salaries, the employees may be offered with discretionary bonuses and cash awards based on individual performances. The Group also provides training programs for the employees with a view to constantly upgrading their skills and knowledge. Further, the Group adopted the share option scheme on 19 November 2013 (the "Share Option Scheme") as incentives or rewards for the employees' contributions to the Group. Further information of the Share Option Scheme is available in the Company's annual report for the year ended 31 December 2018. The Group's employee benefit expense (excluding Directors' remuneration) is approximately RMB1,279.6 million for the year ended 31 December 2018 (2017: RMB593.7 million).

USE OF NET PROCEEDS FROM LISTING

The net proceeds from the listing of the Company (after deducting underwriting fees and related expenses) amounted to approximately HKD1,477.4 million, which shall be applied in compliance with the intended use of proceeds set out in the section headed "Future plans and use of proceeds" of the prospectus of the Company dated 29 November 2013 (the "Prospectus"), of which, approximately 33.3% of the net proceeds were utilised for settling part of the outstanding installments under the Restructuring Deed (as defined in the Prospectus) and approximately 55.1% of the net proceeds were utilised for financing new and existing projects, including the land acquisition and construction costs of potential development projects.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of RMB68.77 cents per share for the year ended 31 December 2018 (2017: RMB41.43 cents) to the shareholders of the Company (the "Shareholders"). The final dividend, if approved, will be payable on or around 2 July 2019 and is subject to the approval of the Shareholders at the annual general meeting to be held on 17 May 2019 (the "AGM").

The proposed final dividend shall be declared in RMB and paid in Hong Kong dollars ("HKD"). The final dividend payable in HKD will be converted from RMB at the average exchange rate of HKD against RMB announced by the People's Bank of China on 17 May 2019.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 14 May 2019 (Tuesday) to 17 May 2019 (Friday), both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the forthcoming AGM. In order to be eligible to attend and vote at the forthcoming AGM, all transfer accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on 10 May 2019 (Friday).

The record date for qualifying to receive the proposed final dividend is 27 May 2019 (Monday). In order to determine the right of the Shareholders entitled to receive the proposed final dividend, which is subject to the approval by the Shareholders in the forthcoming AGM, the register of members of the Company will also be closed from 23 May 2019 (Thursday) to 27 May 2019 (Monday), both days inclusive. All transfer accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on 22 May 2019 (Wednesday).

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as its own code of corporate governance.

The Company has been conducting its business according to the principles of the CG Code set out in Appendix 14 to the Listing Rules. Save for the deviation disclosed in this announcement, in the opinion of the Directors, the Company has complied with all the code provisions as set out in the CG Code during the year ended 31 December 2018.

The code provision A.2.1 of the CG Code provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Shum currently assumes the roles of both the chairman and the chief executive officer of the Company. Mr. Shum is one of the founders of the Group and has extensive experience in property development. The Board believes that by holding both roles, Mr. Shum will be able to provide the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long-term business strategies of the Group. As such, the structure is beneficial to the business prospects of the Group. Furthermore, the Directors had regular discussions in relation to major matters affecting the operations of the Group and the Group has an effective risk management and internal control systems in place for providing adequate checks and balances. Based on the foregoing, the Board believes that a balance of power and authority has been and will be maintained.

Compliance with Code on Conduct Regarding Directors' Securities Transactions

The Company has also adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code"). All Directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code for the year ended 31 December 2018.

The Company has also adopted a code for dealing in the Company's securities by relevant employees, who are likely to be in possession of inside information in relation to the Company or its securities, on no less exacting terms than the required standard set out in the Model Code.

Audit Committee and Review of Financial Statements

The Board has established the audit committee of the Company (the "Audit Committee") which comprises three independent non-executive Directors, namely Mr. Wong Wai Man (chairman), Mr. Jin Qingjun and Ms. Sun Hui.

The Audit Committee has reviewed the annual report and the audited consolidated annual results of the Group for the year ended 31 December 2018 in conjunction with the Company's management. The Audit Committee has also reviewed the effectiveness of the risk management and the internal control systems of the Company and considers the risk management and internal control systems to be effective and adequate.

Purchase, Sale or Redemption of Listed Securities

Save as previously disclosed in this announcement, there was no purchase, sale and redemption of any listed securities of the Company by the Company or any of its subsidiaries during the year ended 31 December 2018.

REVIEW OF PRELIMINARY ANNOUNCEMENT OF RESULTS BY THE INDEPENDENT AUDITORS

The figures in respect of the Group's results for the year ended 31 December 2018 as set out in this preliminary announcement have been agreed by the Group's independent auditor, Ernst & Young, Certified Public Accountants of Hong Kong ("Ernst & Young") to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by Ernst & Young on this preliminary announcement of results.

ANNUAL GENERAL MEETING

The AGM of the Company for the year ended 31 December 2018 is scheduled to be held on 17 May 2019 (Friday). A notice convening the AGM will be issued and disseminated to the Shareholders in due course.

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

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.timesgroup.cn), and the annual report for the year ended 31 December 2018 containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

By Order of the Board
Times China Holdings Limited
Shum Chiu Hung
Chairman

Hong Kong, 12 March 2019

As at the date of this announcement, the executive Directors are Mr. Shum Chiu Hung, Mr. Guan Jianhui, Mr. Bai Xihong, Mr. Li Qiang, Mr. Shum Siu Hung and Mr. Niu Jimin; and the independent non-executive Directors are Mr. Jin Qingjun, Ms. Sun Hui, and Mr. Wong Wai Man.

* *For identification purpose only*