COUNTRY GARDEN HOLDINGS COMPANY LIMITED
碧桂園控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2007)

ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2018

FINANCIAL HIGHLIGHTS

- For the year ended 31 December 2018, the Group together with its joint ventures and associates achieved contracted sales attributable to the shareholders of the Company of approximately RMB501.88 billion with contracted sales GFA attributable to the shareholders of the Company of approximately 54.16 million sq.m., representing a year-on-year increase of 31.25% and 23.06% respectively.

- As at 31 December 2018, the Group's net gearing ratio was 49.6%, representing a year on year decrease of 7.3 percentage points.

- For the year of 2018, the Group's total revenue rose by 67.1% year on year to approximately RMB379.08 billion.

- The Group's gross profit increased by 74.3% year on year to approximately RMB102.48 billion.

- The Group's net profit increased by 68.8% year on year to approximately RMB48.54 billion.

- The profit attributable to the owners of the Company rose by 32.8% year on year to approximately RMB34.62 billion.

- The core net profit attributable to the owners of the Company[1] rose by 38.2% year on year to approximately RMB34.13 billion.

[1] It represents profit attributable to owners of the Company excluding the post-tax gains arising from changes in fair value of and transfer to investment properties, net exchange gains/losses on financing activities, net losses on early redemption of senior notes and convertible bonds and changes in fair value of derivative financial instruments.

- The Group's basic earnings per share rose by 30.9% year on year to RMB1.61 yuan for the year of 2018.

- The Board recommended payment of a final dividend of RMB30.32 cents per share in the form of cash, up by 21.5% year on year. The total annual dividends reached RMB48.84 cents per share, up by 38.0%[2] year on year.

The board (the "**Board**") of directors (the "**Director(s)**") of Country Garden Holdings Company Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**" or "**Country Garden**") for the year ended 31 December 2018.

BUSINESS REVIEW AND OUTLOOK

For the year ended 31 December 2018 ("**the Year**"), the Group together with its joint ventures and associate companies, achieved approximately RMB501.88 billion in contracted sales attributable to the shareholders of the Company. As of 31 December 2018, the Group's geographical market coverage extended to 269 cities and 1,156 counties/townships in 31 provinces/autonomous regions/municipalities in Mainland China. During the Year, the Group's revenue increased by 67.1% to approximately RMB379.08 billion; gross profit grew by 74.3% to approximately RMB102.48 billion; net profit increased by 68.8% to approximately RMB48.54 billion; profit attributable to the owners of the Company rose by 32.8% to approximately RMB34.62 billion; and core net profit attributable to the owners of the Company rose by 38.2% to approximately RMB34.13 billion. Furthermore, the Company has made it to the Fortune Global 500 List again following its first-time inclusion in the list for 2017. It has also improved its ranking in the list significantly to 353rd, up by 114 places.

Country Garden has been fortunate to have been founded in the era of China's reform and opening-up and to have flourished amid the country's urbanization. Today, it has become part of a driving force for the country's new type of urbanization which fosters coordinated development of urban and rural areas. Over the past 27 years, the Group has been providing quality housing in communities to fulfil people's aspirations towards a better life. Country Garden has now introduced urban modernization and comprehensive ancillary facilities into over 1,000 cities, bringing dream homes to almost four million people. Country Garden is a vehicle not only for personal aspirations but also for the expectations from numerous home owners, staff members and investors. Therefore, the Group needs to run its business prudently to create value consistently for society as a long-lasting enterprise.

A strong financial position sustains our growth momentum. During the Year, the Group collected consolidated cash proceeds from property sales of RMB541.29 billion and achieved positive operating cash flow for the third year in a row since 2016. In 2018, contracted sales attributable to the shareholders of the Company grew by 31.25%. Net gearing ratio decreased by 7.3 percentage

[2] The dividend per share for the year ended 31 December 2017 for this calculation purpose has excluded the dividend increase resulting from the one-off retained earnings adjustment on 1 January 2017 due to the early adoption of HKFRS 15.

points to 49.6%, indicating good financial health. As of 31 December 2018, the Group's available cash[3] amounted to approximately RMB242.54 billion, and undrawn bank facilities totaled approximately RMB301.70 billion. The Group has such plentiful working capital that it has been recognised by credit rating agencies for its strong financial position and has thus secured support from major financial institutions.

A prudent approach to business is also extended to safety assurance. Country Garden will reflect on mistakes and correct them to make sure it stays on the right track. Attaching great importance to both safety and quality, the Group seeks to thoroughly remedy any safety problems. This is how we improve the well-being of society.

Notwithstanding the complex economy, Country Garden remains confident about the prospect of China's economy and its consistent, steady growth in the long term. It also believes that the 1.4 billion people's aspirations for a better life can add impetus to the development of the property sector. Having gone through the ups and downs in the industry cycle, we can say that market volatility is the norm rather than the exception. On the contrary, the irreversible trend of China's urbanization means huge potential of the country's immense property market. As a stakeholder in such a promising market, we should think how we can enhance our competitiveness to make the most of it.

We believe that only the most competitive companies can fully capitalize on China's urbanization. Today, Country Garden has evolved into a group with diverse high-tech businesses in addition to its staple property business that bring a better life to people. This, coupled with our strong financial position, a professional and efficient management team that includes over 1,300 holders of doctor's degrees, our proven business model, our well-received products and our well-established brand, undoubtedly gives us great advantage in competition. Yet we cannot afford to be complacent. We will build on our well-established property business by diversifying into other businesses that can reap bountiful rewards in the future. We will seize the day, yet we will take a prudent approach to this initiative.

Science and technology constitute a primary productive force. Intelligent manufacturing will be the key to our competitiveness as it will significantly improve the efficiency of construction. We believe that the adoption of such new technology as robots for construction will enhance our products' safety, quality, appearance, cost-effectiveness, applicability and durability. On the other hand, we can use high technology to build intelligent communities at our property projects where we will be able to provide world-class community-based services. Country Garden successfully spun off its property management business through a separate listing on 19 June 2018. We hope that the robotic business can also generate value for our shareholders.

Country Garden is also developing a business of modern agriculture as a way to participate in the revival of rural economy. Under our strategy of "real estate + agriculture", we will adopt the world's top agricultural production technology and equipment, and leverage our strength in robotic research and development to attain synergy between our two businesses of property and agriculture that span the whole value chains of the two respective industries. Through its "Phoenix Selection",

[3] It represents cash and bank deposits (including restricted cash).

the Group will grow and retail safe, delicious and affordable agricultural produce as well as other basic necessities to the communities at its property projects and even to the wider domestic market. This is how we envision ourselves sharing the fruits of the development of modern agriculture with farmers. Since its establishment, the Group, together with Chairman of the board, Mr. YEUNG Kwok Keung and his family, has donated over RMB4.8 billion to charity and carried out its work in poverty alleviation and the revival of rural economy in 14 counties in nine provinces, helping 336,000 people stem poverty. We believe that the best way to create a better business environment is to contribute to both social and economic development, which will ultimately improve the well-being of society.

To fully capitalize on the promising future, we will continue to place emphasis on legal and regulatory compliance and safety and quality assurance while adopting a scientific approach to business planning and a customer-oriented approach to property development and management. This will enable us to provide quality products at reasonable costs for the market, thus enhancing our capability to surmount the ups and downs in the industry cycle. Here is our vision of Country Garden in the future: the whole staff will work as a cohesive group to contribute to society, create value and develop Country Garden into an ever-lasting enterprise. We hope that Country Garden shall be ingrained in people's mind as a company committed to improving the well-being of society.

This will also serve as our tribute to the great era!

Go above and beyond with prudence.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2018	2017
	Note	***RMB million***	*RMB million*
Non-current assets			
Property, plant and equipment		**23,421**	21,628
Investment properties		**16,435**	8,338
Intangible assets		**670**	392
Land use rights		**2,496**	2,425
Properties under development		**107,812**	98,840
Investments in joint ventures		**27,891**	19,346
Investments in associates		**18,768**	11,585
Financial assets at fair value through other comprehensive income		**1,796**	1,517
Derivative financial instruments		**992**	113
Trade and other receivables	*3*	**10,962**	5,372
Deferred income tax assets		**18,701**	12,198
		229,944	181,754
Current assets			
Properties under development		**626,937**	360,922
Completed properties held for sale		**44,338**	27,886
Inventories		**8,822**	4,252
Trade and other receivables	*3*	**426,397**	272,640
Contract assets and contract acquisition costs		**17,094**	15,738
Prepaid income tax		**21,350**	13,198
Restricted cash		**14,200**	11,318
Cash and cash equivalents		**228,343**	137,084
Financial assets at fair value through profit or loss		**12,019**	24,830
Derivative financial instruments		**250**	47
		1,399,750	867,915
Current liabilities			
Contract liabilities		**562,800**	346,748
Trade and other payables	*4*	**498,821**	330,884
Receipts under securitisation arrangements		**794**	1,805
Current income tax liabilities		**30,783**	21,607
Senior notes	*5*	**2,238**	3,795
Corporate bonds	*6*	**23,964**	16,814
Convertible bonds	*7*	**8,051**	–
Bank and other borrowings		**91,844**	47,672
Derivative financial instruments		**111**	212
		1,219,406	769,537
Net current assets		**180,344**	98,378
Total assets less current liabilities		**410,288**	280,132

		As at 31 December	
		2018	2017
	Note	***RMB million***	*RMB million*
Non-current liabilities			
Senior notes	*5*	**39,478**	28,118
Corporate bonds	*6*	**17,944**	30,520
Convertible bonds	*7*	**5,117**	–
Bank and other borrowings		**139,839**	87,845
Deferred government grants		**249**	233
Deferred income tax liabilities		**32,224**	16,448
Derivative financial instruments		**2,029**	356
		236,880	163,520
Equity attributable to owners of the Company			
Share capital and premium	*8*	**27,881**	24,461
Other reserves		**8,247**	5,943
Retained earnings		**85,202**	63,267
		121,330	93,671
Non-controlling interests		**52,078**	22,941
Total equity		**173,408**	116,612
Total equity and non-current liabilities		**410,288**	280,132

CONSOLIDATED INCOME STATEMENT

	Note	Year ended 31 December **2018** *RMB million*	2017 *RMB million*
Revenue	2	**379,079**	226,900
Cost of sales		**(276,603)**	(168,115)
Gross profit		**102,476**	58,785
Other income and gains — net	9	**4,344**	2,611
Gains arising from changes in fair value of and transfer to investment properties		**1,732**	505
Selling and marketing costs		**(12,533)**	(10,002)
Administrative expenses		**(16,601)**	(7,269)
Net impairment losses on financial and contract assets		**(1,176)**	(339)
Research and development expenses		**(1,224)**	(693)
Operating profit		**77,018**	43,598
Finance income	10	**2,445**	3,423
Finance costs	10	**(1,097)**	(147)
Finance income — net	10	**1,348**	3,276
Share of results of joint ventures and associates		**1,197**	(352)
Profit before income tax		**79,563**	46,522
Income tax expenses	11	**(31,021)**	(17,770)
Profit for the year		**48,542**	28,752
Profit attributable to:			
— Owners of the Company		**34,618**	26,064
— Non-controlling interests		**13,924**	2,688
		48,542	28,752
Earnings per share attributable to owners of the Company (expressed in RMB yuan per share)			
Basic	13	**1.61**	1.23
Diluted	13	**1.55**	1.22
Dividends			
Interim dividend paid	12	**4,017**	3,205
Final dividend proposed	12	**6,563**	5,424

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2018	2017
	Note	***RMB million***	*RMB million*
Profit for the year		**48,542**	28,752
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
— Change in fair value of financial assets at fair value through other comprehensive income		**107**	(56)
Items that may be reclassified to profit or loss:			
— Deferred gains/(losses) on cash flow hedges		**35**	(104)
— Deferred (costs)/gains of hedging		**(1,099)**	751
— Currency translation differences		**(67)**	155
Total other comprehensive (loss)/income for the year, net of tax		**(1,024)**	746
Total comprehensive income for the year		**47,518**	29,498
Total comprehensive income attributable to:			
— Owners of the Company		**33,619**	26,776
— Non-controlling interests		**13,899**	2,722
		47,518	29,498

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Changes in accounting policies and disclosures

During the year ended 31 December 2018, the Group has changed and separated its presentation of profit and loss section from a single consolidated statement of comprehensive income into two separate statements — a consolidated income statement and a consolidated statement of comprehensive income. As the number of items of other comprehensive income increased, the directors of the Company considered that the change would result in a more clear presentation of the Group's performance in these consolidated financial statements to the readers. The change in presentation has been applied retrospectively.

(i) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time in current year:

- Classification and measurement of share-based payment transactions — amendments to HKFRS 2;
- Foreign currency transactions and advance consideration — HK (IFRIC) 22;
- Transfers of investment properties — amendments to HKAS 40; and
- Investments in associates and joint ventures — Annual improvements to HKFRS 2014-2016 cycle — amendments to HKAS 28.

The adoption of these amendments and interpretations to existing standards did not have any impact on the amounts recognised in prior periods and current period, and are not expected to significantly affect future periods.

(ii) New and amended standards and interpretations not yet adopted

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

		Effective for the financial year beginning on or after
HKFRS 16	Leases	1 January 2019
HK (IFRIC) 23	Uncertainty over income tax treatment	1 January 2019
Amendments to HKAS 19	Plan amendment, curtailment or settlement	1 January 2019
Amendments to HKAS 28	Long-term interests in associates and joint ventures	1 January 2019
Amendments to HKFRS 9	Prepayment features with negative compensation	1 January 2019
Annual improvements 2015-2017 cycle		1 January 2019
Amendments to HKFRS 3	Definition of a business	1 January 2020
Amendments to HKAS 1 and HKAS 8	Definition of material	1 January 2020
HKFRS 17	Insurance contracts	1 January 2021
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associates or joint ventures	To be determined

The above new standards, amendments and interpretations to existing standards are effective for annual periods beginning after 1 January 2019 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group except for HKFRS 17. The Group is in the process of assessing the impact of HKFRS 17 on the Group's consolidated financial statements.

2 Revenue and segment information

The executive directors of the Company review the Group's internal reporting in order to assess performance and allocate resources. The executive directors of the Company have determined the operating segments based on these reports.

In previous year, the executive directors of the Company assessed the performance of the Group organised into five business segments as follows: Property development, Construction, Property investment, Property management and Hotel operation.

During the year ended 31 December 2018, upon the spin-off of Country Garden Services Holdings Company Limited ("**CG Services**") (note 12 (b)), the executive directors of the Company reassessed the performance and operations of the Group and concluded that the Group only have two reportable segments — Property development and Construction, and the other segments are individually and collectively insignificant for segment reporting purposes. The comparative information has been restated accordingly.

The executive directors of the Company assess the performance of the operating segments based on a measure of operating profit adjusted by excluding fair value changes on derivative financial instruments, and including share of results of joint ventures and associates.

Segment assets consist primarily of property, plant and equipment, intangible assets, land use rights, investment properties, properties under development, investments in joint ventures, investments in associates, completed properties held for sale, inventories, receivables, prepaid income tax, contract assets and contract acquisition costs and operating cash. They exclude deferred income tax assets, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss and derivative financial instruments. Segment liabilities consist primarily of operating liabilities. They exclude senior notes, corporate bonds, convertible bonds, receipts under securitisation arrangements, bank and other borrowings, current and deferred income tax liabilities and derivative financial instruments.

Capital expenditure comprises additions to property, plant and equipment, investment properties, intangible assets and land use rights excluding those arising from business combinations.

Revenue consists of the following:

	2018	2017
	RMB million	*RMB million*
Sales of properties	**369,405**	220,157
Rendering of construction services	**5,265**	2,305
Rental income	**227**	108
Rendering of property management services	**1,632**	2,656
Rendering of hotel services and others	**2,550**	1,674
	379,079	226,900

Sales between segments are carried out according to the terms and conditions agreed by the respective segments' management.

The Group's revenue is mainly attributable to the market in Mainland China and over 90% of the Group's non-current assets are located in Mainland China. No geographical information is therefore presented.

The Group has a large number of buyers, none of whom contributed 10% or more of the Group's revenue.

The segment information provided to the executive directors of the Company for the reportable segments for the year ended 31 December 2018 is as follows:

	Property development *RMB million*	Construction *RMB million*	Others *RMB million*	Total *RMB million*
Revenue from contracts with customers	**369,405**	**38,619**	**12,634**	**420,658**
— Recognised at a point in time	**291,743**	**–**	**8,876**	**300,619**
— Recognised over time	**77,662**	**38,619**	**3,758**	**120,039**
Revenue from other sources: rental income	**–**	**–**	**227**	**227**
Segment revenue	**369,405**	**38,619**	**12,861**	**420,885**
Inter-segment revenue	**–**	**(33,354)**	**(8,452)**	**(41,806)**
Revenue from external customers	**369,405**	**5,265**	**4,409**	**379,079**
Share of results of joint ventures and associates	**1,250**	**–**	**(53)**	**1,197**
Gains arising from changes in fair value of and transfer to investment properties	**–**	**–**	**1,732**	**1,732**
Depreciation and amortisation expenses of property, plant and equipment, intangible assets and land use rights	**366**	**51**	**627**	**1,044**
Net impairment losses on financial and contract assets	**1,117**	**16**	**43**	**1,176**
Segment results	**75,566**	**351**	**2,276**	**78,193**
At 31 December 2018				
Total segment assets after elimination of inter-segment balances	**1,519,796**	**21,951**	**54,189**	**1,595,936**
Investments in joint ventures and associates	**46,431**	**–**	**228**	**46,659**
Capital expenditure	**1,792**	**32**	**1,972**	**3,796**
Total segment liabilities after elimination of inter-segment balances	**1,022,717**	**19,023**	**20,130**	**1,061,870**

The segment information provided to the executive directors of the Company for the reportable segments for the year ended 31 December 2017 is as follows:

	Property development *RMB million*	Construction *RMB million*	Others *RMB million*	Total *RMB million*
Revenue from contracts with customers	220,157	22,089	4,936	247,182
— Recognised at a point in time	159,350	–	–	159,350
— Recognised over time	60,807	22,089	4,936	87,832
Revenue from other sources: rental income	–	–	108	108
Segment revenue	220,157	22,089	5,044	247,290
Inter-segment revenue	–	(19,784)	(606)	(20,390)
Revenue from external customers	220,157	2,305	4,438	226,900
Share of results of joint ventures and associates	(344)	–	(8)	(352)
Gains arising from changes in fair value of and transfer to investment properties	–	–	505	505
Depreciation and amortisation expenses of property, plant and equipment, intangible assets and land use rights	152	30	643	825
Net impairment losses on financial and contract assets	324	6	9	339
Segment results	42,308	74	1,265	43,647
At 31 December 2017				
Total segment assets after elimination of inter-segment balances	970,470	16,950	23,544	1,010,964
Investments in joint ventures and associates	30,913	–	18	30,931
Capital expenditure	1,819	26	1,574	3,419
Total segment liabilities after elimination of inter-segment balances	659,724	14,987	3,154	677,865

3 Trade and other receivables

	2018 *RMB million*	2017 *RMB million*
Included in current assets		
— Trade receivables — net *(note (a))*	**40,597**	28,944
— Other receivables — net *(note (b))*	**251,182**	134,476
— Loans to related and third parties — net	**687**	2,684
— Prepayments for land *(note (c))*	**109,670**	97,035
— Other prepayments	**24,261**	9,501
	426,397	272,640
Included in non-current assets		
— Loans to third parties	**–**	726
— Deposits for acquisitions of companies	**10,962**	4,646
	10,962	5,372
	437,359	278,012

As at 31 December 2018, the fair values of trade and other receivables approximated their carrying amounts.

(a) Details of trade receivables are as follows:

	2018 *RMB million*	2017 *RMB million*
Trade receivables	**40,724**	29,054
Less: allowance for impairment	**(127)**	(110)
Trade receivables — net	**40,597**	28,944

Trade receivables mainly arise from sales of properties. Property buyers are generally granted credit terms of 1 to 6 months. The ageing analysis of trade receivables based on property delivery date is as follows:

	2018 *RMB million*	2017 *RMB million*
Within 90 days	**37,275**	25,923
Over 90 days and within 180 days	**1,593**	1,487
Over 180 days and within 365 days	**1,149**	798
Over 365 days	**707**	846
	40,724	29,054

As at 31 December 2018 and 2017, trade receivables were mainly denominated in RMB.

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9 "Financial instruments". As at 31 December 2018, a provision of RMB127 million (2017: RMB110 million) was made against the gross amounts of trade receivables.

There is no concentration of credit risk with respect to trade receivables as the Group has a large number of buyers. Trade receivables were collateralised by the titles of the properties sold.

(b) Details of other receivables are as follows:

	2018	2017
	RMB million	*RMB million*
Amounts due from joint ventures, associates and other related parties	**83,387**	45,047
Land auction and other deposits	**61,705**	32,962
Others (*)	**107,995**	57,186
	253,087	135,195
Less: allowance for impairment	**(1,905)**	(719)
Other receivables — net	**251,182**	134,476

(*) These receivables mainly included current accounts due from the other shareholders of certain subsidiaries, joint ventures and associates of the Group for various payments on their behalf, which are interest-free, unsecured and repayable according to contract terms.

(c) Prepayments for land use rights are related to prepaid land acquisition costs while relevant land use right certificates have not been obtained as at 31 December 2018.

4 Trade and other payables

	2018	2017
	RMB million	*RMB million*
Trade payables *(note (b))*	**255,053**	165,314
Other payables *(note (c))*	**192,339**	132,664
Other taxes payable	**41,034**	24,712
Salaries payable	**9,800**	7,614
Accrued expenses	**595**	580
	498,821	330,884

(a) As at 31 December 2018, the carrying amounts of trade and other payables approximated their fair values.

(b) The ageing analysis of trade payables based on the date of invoice is as follows:

	2018	2017
	RMB million	*RMB million*
Within 90 days	**211,512**	138,681
Over 90 days and within 180 days	**34,648**	21,155
Over 180 days and within 365 days	**5,698**	3,609
Over 365 days	**3,195**	1,869
	255,053	165,314

(c) Other payables mainly included deposits from property buyers and current accounts due to certain joint ventures, associates and other shareholders of certain subsidiaries, joint ventures and associates of the Group and outstanding considerations to acquire certain subsidiaries, joint ventures and associates. These amounts are interest-free, unsecured and repayable according to contract terms.

5 Senior notes

	2018	2017
	RMB million	*RMB million*
As at 1 January	**31,913**	29,264
Additions	**16,324**	7,747
Early redemption	**(4,757)**	(3,662)
Repayment on maturity	**(3,464)**	–
Interest expenses	**2,646**	2,222
Coupon interest paid	**(2,130)**	(2,001)
Currency translation differences	**1,184**	(1,657)
	41,716	31,913
Less: current portion included in current liabilities	**(2,238)**	(3,795)
Included in non-current liabilities	**39,478**	28,118

During the year ended 31 December 2018, the Group has issued and redeemed senior notes as follows:

Name of notes	**Par value** *Million*	**Interest rate**	**Issue date**	**Term of the notes**
Issued during the year:				
2023 Notes III — tranche I	USD250	4.750%	17 January 2018	5 years
2023 Notes III — tranche II (*)	USD375	4.750%	31 July 2018	4.5 years
2025 Notes — tranche I	USD600	5.125%	17 January 2018	7 years
2025 Notes — tranche II (**)	USD150	5.125%	4 September 2018	6.4 years
2021 Notes II	RMB950	5.800%	12 March 2018	3 years
2022 Notes II	USD425	7.125%	27 September 2018	3.5 years
2024 Notes	USD550	8.000%	27 September 2018	5.5 years
Repaid during the year on maturity:				
2018 Notes	USD500	3.875%	22 November 2017	1 year
Early redeemed during the year *(note (a))*:				
2023 Notes I	USD750	7.500%	10 January 2013	10 years

(*) 2023 Notes III — tranche II was consolidated and form a single series with the 2023 Notes III — tranche I.

(**) 2025 Notes — tranche II was consolidated and form a single series with the 2025 Notes — tranche I.

(a) On 20 February 2018 (the "**Redemption Date**"), all the outstanding 2023 Notes I were early redeemed at a redemption price equal to 103.75% of the principal amount thereof, plus accrued and unpaid interest of approximately USD6 million up to the Redemption Date. The total redemption price paid by the Company on the redemption date was approximately USD784 million. The difference between the redemption price and the carrying amount of the 2023 Notes I on the Redemption Date, amounting to approximately USD28 million (equivalent to approximately RMB185 million), was charged to profit or loss under 'finance income — net'.

The redemption price is calculated as below:

	USD Million
Principal amount	**750**
Premium price (3.75% of the principal amount)	**28**
Accrued and unpaid interest	**6**
	784

6 Corporate bonds

	2018 *RMB million*	2017 *RMB million*
As at 1 January	**47,334**	37,710
Acquisitions of subsidiaries	**3,475**	–
Other additions	**5,732**	10,663
Repayment upon maturity	**(14,534)**	(1,125)
Interest expenses	**2,389**	1,961
Coupon interest paid	**(2,492)**	(1,875)
Currency translation differences	**4**	–
	41,908	47,334
Less: current portion included in current liabilities	**(23,964)**	(16,814)
Included in non-current liabilities	**17,944**	30,520

During the year ended 31 December 2018, the Group has issued corporate bonds as follows:

Name of bond	**Par value** *RMB million*	**Interest rate**	**Issue date**	**Term of the bond**
RMB Corporate bonds of Guangdong Giant Leap Construction Co., Ltd. issued in 2018 — tranche I	3,000	6.80%	26 October 2018	3 years
RMB Private Corporate bonds of Guangdong Giant Leap Construction Co., Ltd. issued in 2018 — tranche I	2,100	6.90%	19 December 2018	3 years
RMB Private Corporate bonds of Country Garden Property Co., Ltd. issued in 2018 — tranche I	328	6.60%	16 November 2018	3 years
RM Private Corporate bonds of Country Garden Real Estate Sdn. Bhd. issued in 2018	325	6.60%	23 February 2018	5 years

7 Convertible bonds

On 16 January 2018, the Group entered into a subscription agreement for HKD-settled convertible bonds in an aggregate principal amount of HKD15,600 million (equivalent to approximately RMB12,634 million) due 27 January 2019 (the "**2019 Convertible Bonds**"), with an initial conversion price of HKD20.556 per share. The conversion price was subsequently modified to HKD18.29 per share as a result of payment of dividend and distribution in specie. On 30 January 2018, the 2019 Convertible Bonds were issued. The initial value of the liability component was calculated using a market interest rate for an equivalent non-convertible bond of the Company.

On 21 November 2018, the Group entered into a subscription agreement for HKD-settled convertible bonds in an aggregate principal amount of HKD7,830 million (equivalent to approximately RMB6,868 million) due 5 December 2023 (the "**2023 Convertible Bonds**"), with an initial conversion price of HKD12.584 per share. On 5 December 2018, the 2023 Convertible Bonds were issued. The initial value of the liability component was calculated using a market interest rate for an equivalent non-convertible bond of the Company.

Movement of the 2019 Convertible Bonds and the 2023 Convertible Bonds is set out as follows:

	RMB million
Face value of the convertible bonds on the issue dates	**19,502**
Less: Transaction costs	**(180)**
Net proceeds	**19,322**
Less: equity component	**(375)**
Less: derivative liability at fair value through profit or loss component	**(1,700)**
Liability component on initial recognition	**17,247**
Currency translation differences	**976**
Interest accrued *(note (a))*	**596**
Early redemption during the year *(note (b))*	**(5,651)**
Liability component as at 31 December 2018	**13,168**
Less: current portion included in current liabilities	**(8,051)**
Included in non-current liabilities	**5,117**

(a) Interest expenses on the liability component of the 2019 Convertible Bonds and the 2023 Convertible Bonds are calculated using the effective interest method, with the weighted average effective interest rate of 4.97% per annum.

(b) The Group partially repurchased and cancelled the 2019 Convertible Bonds in the aggregate amount of HKD6,450 million (equivalent to approximately RMB5,651 million) during the year. The gain on the early redemption was approximately RMB65 million and the redemption price allocated to equity component was approximately RMB100 million. The aggregate principal amount of the 2019 Convertible Bonds that remained outstanding as at 31 December 2018 is HKD9,150 million.

As at 31 December 2018, there has been no conversion of these convertible bonds.

8 Share capital and premium

	Number of ordinary shares	Nominal value of ordinary shares	Equivalent nominal value of ordinary shares	Share premium	Total	Treasury shares	Group total
	million	*HKD million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Authorised							
At 1 January 2017, 31 December 2017 and 2018, HKD0.10 per share	100,000	10,000					
Issued and fully paid							
At 1 January 2017	21,607	2,161	2,032	24,430	26,462	(785)	25,677
Buy-back of shares *(note (b))*	–	–	–	–	–	(1,216)	(1,216)
Cancellation of shares	(327)	(33)	(29)	(1,592)	(1,621)	1,621	–
At 31 December 2017 and 1 January 2018	21,280	2,128	2,003	22,838	24,841	(380)	24,461
Issue of shares	465	46	37	6,348	6,385	–	6,385
— Issue of shares as a result of placing *(note (a))*	460	46	37	6,293	6,330	–	6,330
— Issue of shares as a result of scrip dividend	1	–	–	9	9	–	9
— Issue of shares pursuant to share option scheme	4	–	–	46	46	–	46
Buy-back of shares *(note (b))*	–	–	–	–	–	(2,965)	(2,965)
Cancellation of shares	(99)	(10)	(8)	(985)	(993)	993	–
At 31 December 2018	**21,646**	**2,164**	**2,032**	**28,201**	**30,233**	**(2,352)**	**27,881**

(a) Placing of shares

On 16 January 2018, the Group issued 460 million shares by way of placing at a subscription price of HKD17.13 per share.

(b) Buy-back of shares

The Group bought back a total of 284 million (2017: 222 million) of the Company's shares during 2018. The total consideration paid to buy back these shares was RMB2,965 million (2017: RMB1,216 million), which has been deducted from equity attributable to the owners of the Company.

9 Other income and gains — net

	2018 *RMB million*	2017 *RMB million*
Other income		
— Management and consulting service income	**1,395**	849
— Forfeiture of deposits received from buyers	**54**	42
— Government subsidy income	**303**	29
	1,752	920
Other gains/(losses)		
— Gains arising from negative goodwill	**1,102**	1,936
— Changes in fair value of derivative financial instruments	**22**	(401)
— Gains/(losses) on disposals of subsidiaries	**455**	(170)
— Gains on disposals of joint ventures and associates	**319**	204
— Gains on disposals of property, plant and equipment	**28**	18
— Others	**666**	104
	2,592	1,691
Total other income and gains — net	**4,344**	2,611

10 Finance income — net

	2018 *RMB million*	2017 *RMB million*
Finance income:		
— Interest income on short-term deposits and others	**2,445**	1,620
— Net foreign exchange gains:		
— Net foreign exchange gains on financing activities before hedging	**–**	3,587
— Reclassified from cash flow hedge reserves	**–**	(1,641)
— Reclassified from deferred costs of hedging reserves	**–**	(143)
	–	1,803
	2,445	3,423
Finance costs:		
— Interest expenses:		
— Bank and other borrowings	**(13,415)**	(6,553)
— Senior notes *(note 5)*	**(2,646)**	(2,222)
— Corporate bonds *(note 6)*	**(2,389)**	(1,961)
— Convertible bonds *(note 7)*	**(596)**	–
— Receipts under securitisation arrangements	**(83)**	(304)
	(19,129)	(11,040)
Less: amounts capitalised on qualifying assets	**19,129**	11,040
	–	–
— Net foreign exchange losses:		
— Net foreign exchange losses on financing activities before hedging	**(2,450)**	–
— Reclassified from cash flow hedge reserves	**1,517**	–
— Reclassified from deferred costs of hedging reserves	**(44)**	–
	(977)	–
— Net losses on early redemption of senior notes and convertible bonds *(notes 5 and 7)*	**(120)**	(147)
	(1,097)	(147)
Finance income — net	**1,348**	3,276

11 Income tax expenses

	2018	2017
	RMB million	*RMB million*
Current income tax		
— Corporate income tax	**20,031**	9,851
— Land appreciation tax	**13,922**	8,283
	33,953	18,134
Deferred income tax		
— Corporate income tax	**(3,351)**	(383)
— Land appreciation tax	**(159)**	(338)
— Withholding income tax	**578**	357
	(2,932)	(364)
	31,021	17,770

12 Dividends

(a) Dividends

	2018	2017
	RMB million	*RMB million*
Proposed final dividend of RMB30.32 cents (2017: RMB24.95 cents) per share	**6,563**	5,424
Interim dividend of RMB18.52 cents (2017: RMB15.02 cents) per share	**4,017**	3,205
	10,580	8,629

The final dividend in respect of 2017 of RMB24.95 cents (equivalent to HKD30.69 cents) per share, totalling RMB5,424 million, has been approved in the Annual General Meeting on 17 May 2018 and paid in cash in July 2018.

On 21 August 2018, the Board of Directors of the Company declared the payment of a 2018 interim dividend of RMB18.52 cents per share (2017 interim dividend: RMB15.02 cents per share) with the shareholders being given an option to elect to receive such interim dividend all in new shares or partly in new shares and partly in cash or all in cash. This interim dividend was paid partly in cash and partly in new shares in November 2018. The number of ordinary shares settled and issued as scrip dividends was 924,647 and the total amount of dividend paid as scrip dividends was RMB9 million while cash dividend amounted to RMB4,008 million.

The Board of Directors recommended the payment of a 2018 final dividend of RMB30.32 cents per share, totalling RMB6,563 million. Such dividend is to be approved by the shareholders at the forthcoming Annual General Meeting. These consolidated financial statements do not reflect this dividend payable.

(b) Distribution in specie

On 19 June 2018 (the "**Distribution Date**"), in connection with the listing of CG Services, the Company's then wholly-owned subsidiary, on the Main Board of The Stock Exchange of Hong Kong Limited, the entire issued share capital of CG Services was distributed to the then existing shareholders of the Company. Since then, CG Services became a fellow subsidiary of the Company and both the Company and CG Services are ultimately controlled by Ms. YANG Huiyan before and after the distribution. A distribution in specie to shareholders of RMB1,765 million was recognised, which represented the carrying value of net assets of CG Services attributable to the owners of the Company as at the Distribution Date.

Details of net assets of CG Services at the Distribution Date are set out below:

	RMB million
Total assets	**3,798**
Total liabilities	**(2,008)**
Total identifiable net assets	**1,790**
Less: non-controlling interests	**(25)**
Carrying value of net assets attributable to the owners of the Company distributed	**1,765**
Represented by:	
— Retained earnings	**1,275**
— Other reserves	**490**
	1,765

Analysis of net outflow of cash and cash equivalents in respect of the distribution:

	RMB million
Cash proceeds on distribution	**–**
Cash and cash equivalents of CG Services as at the Distribution Date	**(3,085)**
Net cash distributed in respect of distribution in specie	**(3,085)**

13 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as treasury shares.

	2018	2017
Profit attributable to owners of the Company (RMB million)	**34,618**	26,064
Weighted average number of ordinary shares in issue (millions)	**21,472**	21,224
Earnings per share — Basic (RMB yuan per share)	**1.61**	1.23

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company had four categories of dilutive potential ordinary shares: share options, awarded shares, written call options and convertible bonds. For the share options, awarded shares and written call options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options, awarded shares and written call options. The convertible bonds are assumed to have been converted into ordinary shares. Interest savings on convertible bonds are adjusted to the extent of the amount charged to the profit attributable to owners of the Company. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options, awarded shares and written call options and conversion of convertible bonds. Written call options were excluded from the computation of diluted earnings per share as they are anti-dilutive for the year ended 31 December 2018.

	2018	2017
Profit attributable to owners of the Company (RMB million)	**34,618**	26,064
Weighted average number of ordinary shares in issue (million)	**21,472**	21,224
Adjustments — share options, awarded shares and convertible bonds (million)	**838**	59
Weighted average number of ordinary shares for diluted earnings per share (million)	**22,310**	21,283
Earnings per share — Diluted (RMB yuan per share)	**1.55**	1.22

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

In prior years, the Group's revenue was derived from five business segments as follows: Property development, Construction, Property investment, Property management and Hotel operation. Following the spin-off of property management completed on 19 June 2018, the executive directors of the Company reassessed the performance and operations of the Group and concluded that the Group only has two reportable segments — Property development and Construction, and the other segments are individually and collectively insignificant for segment reporting purposes. Details of the spin-off of property management are disclosed in note 12 in "Notes to the Consolidated Financial Statements". Revenue increased by 67.1% to approximately RMB379,079 million in 2018 from approximately RMB226,900 million in 2017. 97.4% of the Group's revenue was generated from the sales of properties (2017: 97.0%) and 2.6% from other segments (2017: 3.0%).

Property Development

Revenue generated from property development maintained a growth as a result of the continuous growth of property contracted sales and the timely delivery of property units benefit from the efficient project construction management system in 2018. Revenue generated from property development increased by 67.8% to approximately RMB369,405 million in 2018 from approximately RMB220,157 million in 2017. The recognised average selling price of property delivered was RMB8,550 per sq.m. in 2018, increasing from RMB7,863 per sq.m. in 2017.

Construction

Construction revenue increased by 128.4% to approximately RMB5,265 million in 2018 from approximately RMB2,305 million in 2017, primarily due to the increase in the construction volume and the number of construction projects.

Others

Others segment mainly includes property investment, property management before the spin-off, hotel operation and others. Revenue from external parties of other segment is approximately RMB4,409 million, which remains stable as compared with approximately RMB4,438 million in 2017.

Finance Income — Net

The Group recorded net finance income of approximately RMB1,348 million in 2018 (2017: approximately RMB3,276 million).

The Group recorded post-hedging net foreign exchange losses of approximately RMB977 million in 2018 (2017: post-hedging net foreign exchange gains of approximately RMB1,803 million), interest income of approximately RMB2,445 million in 2018 (2017: approximately RMB1,620 million), interest expense of approximately RMB19,129 million in 2018 (2017: approximately RMB11,040 million) of which 100% were capitalised on qualifying assets (2017: 100%), and net losses on early redemption of senior notes and convertible bonds of approximately RMB120 million in 2018 (2017: approximately RMB147 million).

Profit and Core Net Profit Attributable to Owners of the Company

Due to the increase in the recognised revenue from the sales of properties of the Group during the relevant period, the increase in the average selling price and the gross profit margin of such properties, the profit attributable to owners of the Company increased by approximately 32.8% to approximately RMB34,618 million in 2018, when compared with approximately RMB26,064 million in 2017.

After deduction of the post-tax gains arising from changes in fair value of and transfer to investment properties, net exchange gains/losses on financing activities, net losses on early redemption of senior notes and convertible bonds and changes in fair value of derivative financial instruments, the core net profit attributable to owners of the Company in 2018 was approximately RMB34,125 million, representing an increase of approximately 38.2% when compared with approximately RMB24,686 million in 2017.

Liquidity, Financial and Capital Resources

As at 31 December 2018, the Group's available cash (equals to the sum of cash and cash equivalents and restricted cash) amounted to approximately RMB242,543 million (31 December 2017: approximately RMB148,402 million). As at 31 December 2018, 95.7% (31 December 2017: 93.6%) of the Group's cash and bank deposits was denominated in Renminbi and 4.3% (31 December 2017: 6.4%) was denominated in other currencies (mainly US dollars, HK dollars and Malaysian Ringgit).

As at 31 December 2018, the carrying amount of the restricted cash was approximately RMB14,200 million (31 December 2017: approximately RMB11,318 million). Pursuant to relevant regulations, certain of the project companies were required to deposit a portion of proceeds from pre-sales of properties into designated bank accounts. Before the completion of the pre-sold properties, the proceeds deposited in the escrow accounts could only be used for the restricted purposes of purchasing construction materials and equipment, making interim construction payments and paying tax, with the prior approval of the relevant local authorities.

As at 31 December 2018, the net current assets of the Group were approximately RMB180,344 million (31 December 2017: approximately RMB98,378 million). The current ratio being current assets over current liabilities was approximately 1.1 as at 31 December 2018, which remains stable as compared with 31 December 2017.

As at 31 December 2018, the Group's bank and other borrowings, senior notes, corporate bonds and convertible bonds amounted to approximately RMB231,683 million, RMB41,716 million, RMB41,908 million and RMB13,168 million respectively (31 December 2017: approximately RMB135,517 million, RMB31,913 million, RMB47,334 million and nil respectively).

For bank and other borrowings, approximately RMB91,844 million, RMB133,063 million and RMB6,776 million will be repayable within 1 year, between 1 and 5 years and beyond 5 years respectively (31 December 2017: approximately RMB47,672 million, RMB87,093 million and RMB752 million respectively). As at 31 December 2018 and 31 December 2017, the majority of the bank and other borrowings were secured by certain land use rights, properties, equipment and equity interests in certain group companies and/or guaranteed by the Group.

Net gearing ratio is measured by the net debt (representing bank and other borrowings, senior notes, corporate bonds and convertible bonds, net of available cash, which equals to the sum of cash and cash equivalents and restricted cash) over total equity. Net gearing ratio decreased from approximately 56.9% as at 31 December 2017 to approximately 49.6% as at 31 December 2018.

Placing and Issuance of Convertible Bonds

Please refer to the related content in note 7 and note 8 to the "Notes to the Consolidated Financial Statements" and "Placing and Subscription" and "Issues of Convertible Bonds" of this annual results announcement.

Key Risk Factors and Uncertainties

The following content lists out the key risks and uncertainties facing the Group. It is a non-exhaustive list and there may be other risks and uncertainties further to the key risk areas outlined below.

Risks Pertaining to the Property Market and Operation

The Group's businesses and prospects are largely dependent on the performance of the property market in mainland China. The property market in mainland China is affected by a number of factors, including changes in social, political, economic and legal environment, as well as changes in the government's financial, economic, monetary, industrial and environmental conservation policies. The Group is also susceptible to changes in economic conditions, consumer confidence, consumption spending, and changes in consumption preferences. Therefore, the Group continues to implement its strategies to develop and strengthen penetration of different regional markets thereby reducing its dependence on specific markets. The Group's operation is subject to a number of risk factors distinctive to property development, property investment, and property related businesses. Default on the part of our buyers, tenants and strategic business partners, inadequacies or failures of internal processes, people and systems or other external factors may have various levels of negative impact on the results of operations.

Interest Rate Risk

The Group's bank and other borrowings mainly bear floating rates. As at 31 December 2018, the weighted average borrowing cost of the Group's total debt was 6.11%, which was increased by 89 basic points from that as at 31 December 2017. The Group has implemented certain interest rate management which includes, among the others, close monitoring of interest rate movements and refinancing on existing banking facilities or entering into new banking facilities when good pricing opportunities arise.

Foreign Exchange Risk

The Group's business is mainly denominated in Renminbi. Foreign exchange risk mainly arises from the outstanding foreign currency borrowings (mainly denominated in US dollars and HK dollars). Since 2015, the Group has adopted foreign currency hedging instruments to achieve better management over foreign exchange risks. The objective of the hedges is to minimise the volatility of the RMB cost of highly probable forecasted repayments of debts. The Group's risk management policy is to partially hedge forecasted foreign currency cash flows, subject to availability of appropriate hedging instruments and cost of hedging. The Group uses a combination of foreign exchange forward contracts, foreign currency option contracts and foreign exchange structured derivatives to hedge its exposure to foreign exchange risks.

Guarantees

As at 31 December 2018, the Group had guarantees in respect of mortgage facilities for certain buyers amounting to approximately RMB319,239 million (31 December 2017: approximately RMB214,909 million).

Pursuant to the terms of the guarantees, upon default in mortgage payments by these buyers, the Group is responsible for repaying the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted buyers to the banks, and the Group is entitled to take over the legal title and possession of the related properties. The guarantees were to be discharged upon the earlier of (i) issue of the real estate ownership certificate which are generally available within three months after the buyers take possession of the relevant properties; and (ii) the satisfaction of mortgage loans by the property buyers.

The Board considers that in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty, therefore, no provision has been made in the financial statements for the guarantees.

In addition, as at 31 December 2018, the Group had provided guarantees amounting to approximately RMB58,090 million (31 December 2017: approximately RMB33,500 million) for certain borrowings of the joint ventures, associates and certain third parties of the Group.

Employees and Remuneration Policy

Human resource has always been the most valuable resource of the Group. As at 31 December 2018, the Group had approximately 131,387 full-time employees[4] (31 December 2017: 124,837).

The remuneration package of the employees includes salary, bonus and other cash subsidies. Employees are rewarded on a performance related basis, together with reference to the profitability of the Group, remuneration benchmarks in the industry, and prevailing market conditions within the general framework of the Group's salary and bonus system. The Group believes that the salaries and benefits that the employees receive are competitive in comparison with market rates. The Group is subject to social insurance contribution plans or other pension schemes organised by the regional governments and is required to pay on behalf of the employees a monthly social insurance premium covering pension insurance, medical insurance, unemployment insurance and housing fund or to contribute regularly to other mandatory provident fund schemes on behalf of the employees. As at the date of this announcement, there were no significant labor disputes which adversely affect or are likely to have an adverse effect on the operations of the Group.

In order to adapt itself to the fast growing and ever changing market, the Group came up with the partnership scheme, aligning the interests of employees with that of the Group. Not only could this profit and loss sharing program help lower operational cost and increase profit and returns, but also make employees better understand the Company's culture of "home experience", and allow them to further develop together with the Group.

The Group has approved and/or adopted certain share option schemes and employee incentive schemes, details can be referred in "Share Option Scheme" and "Employee Incentive Scheme" of this annual results announcement.

4 Due to the spin-off and listing of CG Services on 19 June 2018, the number of employees as at 31 December 2018 of the Group does not include the employees of CG Services.

Forward Looking

In the year of 2019, it is expected that the government will continue to implement differentiating regulatory policies and speed up the establishment of a long-term mechanism for real estate market to promote its steady and healthy development. At the same time, the competition and the consolidation within the sector will be more intensive and the market will be further differentiated. On the other hand, urbanization in China is far from over. The county and township dwellers' ongoing desire to improve their housing conditions makes a huge potential for property development in the country. To embrace the challenges and opportunities brought by the change of the market, the Group will continue to adopt prudent financial policies and risk control measures, enhance the quality of the buildings and ensure safety, strengthen its contracted sales and cash collection and apply strict cost control to strengthen operating cash flows and ensure investment return. Meanwhile, the Group will continue to apply a more conservative and practical strategy on new land acquisition to ensure the marketability of future projects and optimize geographic diversification. The objective is to develop all investment portfolios catering for different stages of China's urbanization and capture all kinds of market demand, such as further developing the rental housing market. Besides, on the basis of steady operation, the Group will make flexible adjustments according to the market situation, focus on the continuous increase of profitability and achieve high quality and all-rounded development. Looking forward, the Company will actively explore the value of businesses and assets within the value chain of real estate, continue to focus on the residential and related demands brought by urbanization, and establish an integration platform covering the entire life span for our buyers.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of this announcement of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereon for the year ended 31 December 2018 have been agreed by the Company's external auditor, PricewaterhouseCoopers ("**PwC**"), to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2018. The work performed by PwC 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 PwC on this announcement.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") assists the Board in providing an independent review of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing the audit process, and performing other duties and responsibilities as may be assigned by the Board from time to time. The members of the Audit Committee are all independent non-executive Directors, namely Mr. LAI Ming, Joseph, Mr. SHEK Lai Him, Abraham, Mr. TONG Wui Tung and Mr. HUANG Hongyan. Mr. LAI Ming, Joseph is the chairman of the Audit Committee.

The annual results have been reviewed by the Audit Committee.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board and the management of the Company are committed to the principles of good corporate governance consistent with prudent management and enhancement of shareholder value. These principles emphasise transparency, accountability and independence.

For the year ended 31 December 2018, the Company has applied the principles and complied with the code provisions of the Corporate Governance Code set out in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") of the Listing Rules as the code of conduct for dealing in securities of the Company by the Directors. After specific enquiry, all Directors confirmed that they have complied with the required standard regarding securities transactions set out therein throughout the year ended 31 December 2018. No incident of non-compliance was noted by the Company for the year ended 31 December 2018. Relevant employees who are likely to be in possession of inside information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code.

SHARE OPTION SCHEME

1. Share option schemes of the Company

A share option scheme (the "**Share Option Scheme**") was approved and adopted by the shareholders of the Company (the "**Shareholders**") at the annual general meeting of the Company held on 18 May 2017 (the "**2017 AGM**") for a period of 10 years commencing on the adoption date and ending on 17 May 2027. Subject to the terms and conditions of the Share Option Scheme, the Board may, at its discretion, grant share options to any eligible person to subscribe for the shares of the Company (the "**Shares**") within the validity period of the scheme.

During the year ended 31 December 2018, share options for 8,546,799 Shares with a fair value on the grant date of approximately RMB112,000,000 were granted to eligible persons in accordance with the terms of the Share Option Scheme.

2. **Pre-listing share option scheme of CG Services**

On 13 March 2018 and 17 May 2018, a share option scheme was approved and adopted by the then shareholders of CG Services and the then shareholders of the Company respectively for a period of 180 days commencing on 13 March 2018 and ending on 8 September 2018 (the "**CG Services Share Option Scheme**"). Notwithstanding any other provisions of the CG Services Share Option Scheme, CG Services shall not make any offer of options according to the CG Services Share Option Scheme after 19 June 2018.

On 21 May 2018, share options for 132,948,000 shares of CG Services with a fair value on the grant date of approximately HKD108,375,000 (equivalent to approximately RMB86,667,000) were granted to eligible persons in accordance with the terms of the CG Services Share Option Scheme effective on the date of the listing of CG Services. Three of the eligible persons are also the employees of the Group after 19 June 2018.

The spin-off of CG Services was completed on 19 June 2018 and CG Services ceased to be a subsidiary of the Company. The shares of CG Services are listed on the main board of the Stock Exchange on 19 June 2018.

EMPLOYEE INCENTIVE SCHEME

The trust deed in respect of the employee incentive scheme (the "**Employee Incentive Scheme**") for rewarding the contribution of the senior management and employees of the Group which excludes any connected persons of the Company, together with the scheme rules, were approved by the Board officially. The purpose of the Employee Incentive Scheme is to provide the participants with an opportunity to hold a personal stake in the Company so as to motivate such participants and to enhance their performance and efficiency. The trustee of the Employee Incentive Scheme is Power Great Enterprises Limited ("**Power Great**"), a wholly-owned subsidiary of the Company. During the year ended 31 December 2018, Power Great had purchased 185,415,000 Shares from the market, and had been distributed 237 Shares under the scrip dividend scheme in relation to the 2018 interim dividend of the Company, but had not acquired any Shares by other way in accordance with the Employee Incentive Scheme. As of 31 December 2018, share awards for 124,083,683 Shares were granted under the Employee Incentive Scheme subject to the registration and transfer procedures yet to be completed. As of 31 December 2018, the cumulative total number of the Shares held under the Employee Incentive Scheme was 293,186,788 Shares but the registration and transfer procedures of part of the Shares are yet to be completed (31 December 2017: 107,771,551 Shares).

The Board will continue to monitor the Employee Incentive Scheme for motivating the senior management and employees of the Group and consider when it may be appropriate and/or desirable to modify or replace the Employee Incentive Scheme with and/or adopt any other incentive scheme.

PLACING AND SUBSCRIPTION

On 16 January 2018 (after trading hours), the Company and Concrete Win Limited (the "**Vendor**") entered into the placing and subscription agreement (the "**Placing and Subscription Agreement**") with Goldman Sachs (Asia) L.L.C. (the "**Placing Agent**"), pursuant to which the Placing Agent has agreed to place, on a fully underwritten basis, 460,000,000 existing Shares (the "**Placing Shares**") at a price of HKD17.13 per Share (the "**Placing Price**") on behalf of the Vendor (the "**Placing**") to not less than six independent professional, institutional and/or individual investors who were or would be third parties independent of and not connected with the Company or its connected persons or any person who were or would be acting in concert with the Vendor or parties acting in concert with it. Furthermore, the Vendor has conditionally agreed to subscribe at the Placing Price for the same number of new Shares (the "**Subscription Shares**") as the Placing Shares that have been placed by the Placing Agent (the "**Subscription**"). The Placing Shares and the Subscription Shares respectively represented approximately 2.16% of the then existing issued share capital of the Company and approximately 2.12% of the issued share capital of the Company as enlarged by the Subscription.

The conditions set out in the Placing and Subscription Agreement have been fulfilled. On 30 January 2018, following completion of the Placing and the Subscription, the Company completed the allotment and issue of 460,000,000 Subscription Shares (representing approximately 2.12% of the issued share capital of the Company as enlarged by the 460,000,000 Subscription Shares) to the Vendor at the Placing Price per Subscription Share. The Subscription Shares were allotted and issued under the general mandate subject to the limit of up to 20% of the total number of Shares in issue as at the date of the 2017 AGM (i.e. 4,268,124,356 Shares, representing 20% of 21,340,621,782 Shares in issue as at the date of the 2017 AGM).

The net proceeds from the Placing was approximately HKD7,816 million. The Company intended to apply the net proceeds for the repayment of debts of the Group and/or as general working capital purpose. Please refer to the announcements of the Company dated 16 January 2018 and 17 January 2018 for further details.

ISSUES OF CONVERTIBLE BONDS

On 16 January 2018 (after trading hours), the Company, Smart Insight International Limited (the "**Issuer**", a wholly owned subsidiary of the Company) and Goldman Sachs (Asia) L.L.C. (the "**Sole Bookrunner**") entered into the bonds subscription agreement (the "**2019 Bonds Subscription Agreement**"), pursuant to which the Sole Bookrunner agreed to subscribe for the zero coupon secured guaranteed convertible bonds due 2019 (the "**2019 Convertible Bonds**") to be issued by the Issuer in the aggregate principal amount of HKD15,600 million. According to the announcements dated 29 May 2018, 25 June 2018 and 18 September 2018 of the Company, the 2019 Convertible Bonds might be converted into Shares at the last modified conversion price of HKD18.29 per Share (the "**2019 Conversion Price**"). The 2019 Convertible Bonds were guaranteed by the Company, and were jointly and severally guaranteed by certain subsidiaries of the Company. The 2019 Convertible Bonds also had the benefit of certain security on the collateral. Assuming full conversion of the 2019 Convertible Bonds at the 2019 Conversion Price, the 2019 Convertible Bonds would be convertible into 852,925,095 Shares, representing approximately 3.93% of the then issued share capital of the Company and approximately 3.78% of the issued share capital of the Company as enlarged by the issue of the conversion Shares.

The conditions set out in the 2019 Bonds Subscription Agreement have been fulfilled. On 30 January 2018, the Issuer issued the 2019 Convertible Bonds in the aggregate principal amount of HKD15,600 million to the Sole Bookrunner. The new Shares that may fall to be issued upon the conversion of the 2019 Convertible Bonds would be issued under the general mandate subject to the limit of up to 20% of the total number of Shares in issue as at the date of the 2017 AGM (i.e. 4,268,124,356 Shares, representing 20% of 21,340,621,782 Shares in issue as at the date of the 2017 AGM). The 2019 Convertible Bonds were listed on Singapore Exchange Securities Trading Limited ("**SGX**").

The net proceeds from the issue of the 2019 Convertible Bonds was approximately HKD15,491 million. The Company intended to apply the net proceeds for the repayment of debts of the Group and/or as general working capital purpose. Please refer to the announcements of the Company dated 16 January 2018 and 17 January 2018 for further details.

During 2018, the Issuer had conducted a partial repurchase of the 2019 Convertible Bonds (the "**Repurchase**") and had received commitments from holders of the 2019 Convertible Bonds to sell approximately HKD6,450 million in aggregate principal amount of the 2019 Convertible Bonds to the Company via J.P. Morgan Securities plc and Goldman Sachs (Asia) L.L.C. as joint dealer managers. Following settlement of the Repurchase, the 2019 Convertible Bonds repurchased had been cancelled.

As announced by the Company on 29 January 2019, upon the maturity of all of the outstanding 2019 Convertible Bonds on 27 January 2019, the Company had redeemed all of the outstanding 2019 Convertible Bonds. Following such redemption, the Company does not have any outstanding 2019 Convertible Bonds and the 2019 Convertible Bonds was delisted from SGX. No Shares were issued under the 2019 Convertible Bonds.

Concurrent with the Repurchase, the Issuer has carried out the issue of the new secured guaranteed convertible bonds and on 21 November 2018 entered into an agreement (the "**New Bonds Subscription Agreement**") with the Company, J.P. Morgan Securities plc, Goldman Sachs (Asia) L.L.C and The Hongkong and Shanghai Banking Corporation Limited (the "**Joint Lead Managers**") under which the Joint Lead Managers agreed to subscribe for the new secured guaranteed convertible bonds to be issued by the Issuer in the aggregate principal amount of HKD7,830 million (the "**2023 Convertible Bonds**"). The 2023 Convertible Bonds may be converted into Shares at the initial conversion price of HKD12.5840 per Share (the "**Conversion Price**"). The 2023 Convertible Bonds are guaranteed by the Company, and are jointly and severally guaranteed by certain existing subsidiaries of the Company (the "**Subsidiary Guarantors**"). The 2023 Convertible Bonds also have the benefit of certain security interests on the capital stock of the Subsidiary Guarantors. Assuming full conversion of the 2023 Convertible Bonds at the Conversion Price, the 2023 Convertible Bonds would be convertible into 622,218,690 Shares, representing approximately 2.87% of the then issued share capital of the Company and approximately 2.79% of the issued share capital of the Company as enlarged by the issue of the conversion shares.

The conditions set out in the New Bonds Subscription Agreement have been fulfilled. On 5 December 2018, the Issuer issued the 2023 Convertible Bonds in the principal amount of HK$7,830 million. The new Shares that may fall to be issued upon the conversion of the 2023 Convertible Bonds will be issued under the general mandate subject to the limit of up to 20% of the total number of Shares in issue as at the date of the annual general meeting of the Company held on 17 May 2018 (the "**2018 AGM**") (i.e. 4,348,186,628 Shares, representing 20% of 21,740,933,140 Shares in issue as at the date of the 2018 AGM). The 2023 Convertible Bonds are listed on SGX.

The net proceeds from the issue of the 2023 Convertible Bonds was approximately HKD7,725 million. The Company intended to apply the net proceeds for funding the Repurchase and use any remainder for refinancing existing offshore indebtedness.

On 21 November 2018, the Issuer entered into purchased call options and the written call options with J.P. Morgan Securities plc and Goldman Sachs International or their respective affiliates (collectively, the "**Option Counterparties**") as follows:

(a) call option transaction(s) involving the sale of call option(s) by the Option Counterparties to the Issuer with a strike price equal to the Conversion Price (the "**Purchased Call Options**"); and

(b) call option transaction(s) involving the sale of call option(s) by the Issuer to the Option Counterparties with a strike price of approximately HKD17.908 (the "**Written Call Options**").

The Purchased Call Options and Written Call Options are expected generally to reduce or offset the potential dilution upon conversion of the 2023 Convertible Bonds and/or offset any cash payments the Issuer is required to make in excess of the principal amount of the converted 2023 Convertible Bonds, as the case may be. The Purchased Call Options and Written Call Options will cover, subject to anti-dilution adjustments substantially similar to those applicable to the 2023 Convertible Bonds, the equivalent number of Shares underlying the 2023 Convertible Bonds.

The Written Call Options are intended to be settled physically, provided that if the specific mandate to issue Shares under the Written Call Options or the approved from the Stock Exchange for the listing of new Shares to be issued in relation thereto have not been obtained, the Written Call Options will be terminated.

Please refer to the announcements of the Company dated 21 November 2018, 22 November 2018 and 12 December 2018 for further details.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2018, the Company bought back a total of 98,850,000 Shares on the Stock Exchange. All the Shares bought back were subsequently cancelled by the Company. Details of those transactions are as follows:

Month of buy-back	Number of Shares bought back	Price Per Share Highest	Price Per Share Lowest	Aggregate price
		HKD	*HKD*	*HKD*
January	–	–	–	–
February	–	–	–	–
March	2,000,000	15.70	15.56	31,352,200
April	–	–	–	–
May	–	–	–	–
June	53,000,000	13.80	12.16	696,788,100
July	–	–	–	–
August	6,000,000	11.84	11.68	70,630,000
September	17,850,000	11.42	9.81	194,455,065
October	20,000,000	9.58	8.00	172,122,800
November	–	–	–	–
December	–	–	–	–

Save as disclosed above, neither the Company nor any of its subsidiaries (except Power Great) has purchased, sold or redeemed any of the Shares during the year ended 31 December 2018. For details of purchase, sale or redemption by the Company or any of its subsidiaries of its other listed securities during the year ended 31 December 2018, please refer to notes 5 and 7 to the "Notes to the Consolidated Financial Statements" and the paragraph of "Issue of Convertible Bonds" of this announcement.

FINAL DIVIDEND

The Directors recommend the payment of a final dividend of RMB30.32 cents in the form of cash (2017: RMB24.95 cents) per share for the year ended 31 December 2018 to Shareholders whose names appear on the register of members of the Company (the "**Register of Members**") on Friday, 24 May 2019 (record date) (the "**Eligible Shareholders**").

The proposed final dividend shall be declared in RMB and paid in Hong Kong dollars. The final dividend payable in Hong Kong dollars will be converted from RMB at the average central parity rate of RMB to Hong Kong dollars as announced by the People's Bank of China for the period from Monday, 20 May 2019 to Friday, 24 May 2019. It is expected that the final dividend warrants will be dispatched to the Eligible Shareholders on or around Wednesday, 10 July 2019.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining the eligibility of the Shareholders to attend, speak and vote at the forthcoming annual general meeting of the Company (the "**2019 AGM**") and the extraordinary general meeting in relation to the Written Call Option and the relevant specific mandate to be sought from the Shareholders (the "**EGM**"), and the Eligible Shareholders' entitlement to the proposed final dividend, the Register of Members will be closed as appropriate as set out below:

(i) For determining the Shareholders' eligibility to attend, speak and vote at the 2019 AGM and the EGM:

Latest time to lodge transfer documents for registration with the Company's branch share registrar and transfer office in Hong Kong	At 4:30 p.m. on Thursday, 9 May 2019
Record Date	Thursday, 9 May 2019
Closure of the Register of Members	Friday, 10 May 2019 to Thursday, 16 May 2019 (both days inclusive)

(ii) Subject to the passing of the final dividend proposal agenda at the 2019 AGM, for determining the Eligible Shareholders' entitlement to the proposed final dividend:

Latest time to lodge transfer documents for registration with the Company's branch share registrar and transfer office in Hong Kong	At 4:30 p.m. on Wednesday, 22 May 2019
Closure of the Register of Members	Thursday, 23 May 2019 to Friday, 24 May 2019 (both days inclusive)
Record Date	Friday, 24 May 2019

For purposes mentioned above, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than the aforementioned latest time.

PUBLICATION OF ANNUAL RESULTS

The annual results announcement is published on the Company's website (http://www.countrygarden.com.cn) and the Stock Exchange's designated website (http://www.hkexnews.hk).

By order of the Board
Country Garden Holdings Company Limited
MO Bin
President and Executive Director

Hong Kong, 18 March 2019

As of the date of this announcement, the executive Directors are Mr. YEUNG Kwok Keung (Chairman), Ms. YANG Huiyan (Co-Chairman), Mr. MO Bin (President), Ms. YANG Ziying, Mr. YANG Zhicheng, Mr. SONG Jun, Mr. LIANG Guokun and Mr. SU Baiyuan. The non-executive Director is Mr. CHEN Chong. The independent non-executive Directors are Mr. LAI Ming, Joseph, Mr. SHEK Lai Him, Abraham, Mr. TONG Wui Tung, Mr. HUANG Hongyan and Mr. YEUNG Kwok On.