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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 2019

FINANCIAL HIGHLIGHTS

- For the year ended 31 December 2019, the Group together with its joint ventures and associates achieved contracted sales attributable to the shareholders of the Company of approximately RMB552.20 billion with contracted sales GFA attributable to the shareholders of the Company of approximately 62.37 million sq.m., representing a year-on-year increase of 10.0% and 15.2% respectively.
- As at 31 December 2019, the Group's net gearing ratio was 46.3%, representing a year on year decrease of 3.3 percentage points.
- For the year of 2019, the Group's total revenue rose by 28.2% year on year to approximately RMB485.91 billion.
- The Group's gross profit increased by 23.6% year on year to approximately RMB126.64 billion.
- The Group's net profit increased by 26.1% year on year to approximately RMB61.20 billion.
- The profit attributable to the owners of the Company rose by 14.2% year on year to approximately RMB39.55 billion.
- The core net profit attributable to the owners of the Company¹ rose by 17.6% year on year to approximately RMB40.12 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 14.9% year on year to RMB1.85 for the year of 2019.
- The Board recommended payment of a final dividend of RMB34.25 cents per share (the shareholders may choose to receive dividends in cash and/or in shares), up by 13.0% year on year. The total annual dividends reached RMB57.12 cents per share, up by 17.0% 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 2019.

BUSINESS REVIEW AND OUTLOOK

Our country has been thriving under the reform and opening-up policies. This has inspired us with confidence in the ability of the diligent and brave Chinese people to overcome the present difficulties. Undoubtedly, as entrepreneurs, we should not only tackle the current situation competently but also be visionary: The direction of our development, how well we harness our competitive strengths determine how Country Garden can contribute more to society and generate greater returns to investors.

Forging ahead confidently: Urbanization is the way forward

China’s urbanization and modernization have enabled Country Garden to succeed. Nowadays, agriculture has seen its productivity increase because of the adoption of advanced farm machinery. This has freed up more manpower for the country’s urbanization, allowing an enormous amount of the rural population to pursue a better life in the urban areas for their convenience of living, employment, education, commercial activities and medical care. As urbanization continues unimpeded, Country Garden capitalizes on the trend by building up a nationwide, balanced geographical market coverage. Adhering to this strategy has sharpened the Company’s competitive edge. It has come up with its own winning formula:

For the year ended 31 December 2019 (the “**Year**”), the Group together with its joint ventures and associates recorded approximately RMB552.20 billion in contracted sales attributable to the shareholders of the Company. As of 31 December 2019, the Group had gained footholds in 282 cities and 1,299 counties/townships in 31 provinces/autonomous regions/municipalities in mainland China. During the Year, the Group’s revenue increased by 28.2% to approximately RMB485.91 billion; gross profit grew by 23.6% to approximately RMB126.64 billion; net profit increased by 26.1% to approximately RMB61.20 billion; profit attributable to the owners of the Company rose by 14.2% to approximately RMB39.55 billion; and core net profit attributable to the owners of the Company increased by 17.6% to approximately RMB40.12 billion. The Company has made it to the Fortune Global 500 List for three consecutive years since 2017 and it has improved its ranking significantly in the list to 177th this year, up by 176 places compared with that in 2018.

Braving the headwinds to make steady progress towards success

Started up by seven people, the Company now has more than 100,000 staff which include over 1,000 holders of doctorates. We have been fortunate to work shoulder to shoulder with the best in class to advance the development of the Company while creating a platform for their career advancement. To match our company's development, we have put in place programmes of recruiting and fostering professional and highly efficient teams. For instance, we have groomed more than 34 employees for the posts of regional presidents and regional vice presidents through the "Programme of Fostering Future Leaders" and the "Country Garden Trainee Programme". A promising future awaits them. Moreover, we have been able to retain the top talents who are vice presidents at the group level and have formed the stable, core management team. At an average age of 46 years, they are in their prime and have proven their capabilities throughout the economic cycle. With their endeavour, our team has been able to ceaselessly improve both itself and its competitive strengths, press ahead with a prudent approach to business operation and thus generate good returns to shareholders despite numerous difficulties over the years.

During the Year, the Group had collected consolidated cash inflow from property sales of approximately RMB589.86 billion and achieved positive operating cash flow for four consecutive financial years since 2016. As at 31 December 2019, its available cash² amounted to a historic high of approximately RMB268.35 billion, and its net gearing ratio decreased by 3.3 percentage points to 46.3%, indicating a healthy financial condition. The Group's unused bank credit lines totalled approximately RMB316.79 billion. The Group has been well recognized by credit rating agencies and major financial institutions for its plentiful working capital and strong financial position and has thus secured support from them.

Scientific planning for high-technology business which is the way forward

Keeping pace with the era of flourishing technologies, Country Garden Bright Dream Robotics project has already been researching on and developing robots since July 2018. Specifically, it has also been studying ways of manufacturing and using robots for the construction industry. It has recruited 3,256 outstanding researchers and developers at home and abroad to work on key products and to make breakthroughs in the development of crucial technologies. In the pipeline is research on 50 types of construction robots, of which 32 is being tested at construction sites. They surpassed manual labour in both safety and efficiency by a wide margin. Until now we have applied for 1,843 patents on the results of our research and development and we have been granted 327 patents. As a result of our efforts, we now have proprietary core technologies in the key areas of application. We are now aiming for the combination of robotics and advanced construction technologies and aspire to develop the most advanced intelligent manufacturing capability in the world. In the not too distant future, we will see robots working day and night on safe, healthy, stylish, affordable and durable housing. They will even probably be used in property management, medicine, catering industry and agriculture. We will conduct scientific planning to increase the chance of success for the robotics business which can then add to the strength of the Group's property business. This can create great value for investors.

² It represents cash and bank deposits (including restricted cash).

Engaging in targeted poverty alleviation programmes and modern agriculture to fulfil social responsibility: working for the well-being of people and society at large to ensure sustainable development

We owe our success to the urbanization and modernization of our country. To give back to society, we have made targeted poverty alleviation programmes and modern agriculture the mainstay businesses of Country Garden. Since its establishment, the Group, together with Chairman of the Board, Mr. YEUNG Kwok Keung and his family, has donated over RMB6.4 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 eradicate poverty and even get rich. In our business of modern agriculture, we have adopted advanced technologies and equipment for production. For instance, we have used robot technology to build advanced, unmanned farms. We have also linked our farms directly to the community-based retail channels to reduce the number of intermediaries, thus decreasing the transaction costs for both the farmers and consumers. Therefore, the Group is able to grow and provide safe, delicious, affordable and diverse agricultural produce for the communities at its property projects and even for a wider domestic market. This serves as the Group's contribution to the revival of rural economy and complements its targeted poverty alleviation programmes. For its hard-earned achievements, Country Garden feels grateful to our country, whose reform and opening-up policies have set the stage for its development. The Company firmly believes in shouldering its social responsibility to give back to society. To join hands with all the people in our country to fight against the novel coronavirus pneumonia, Country Garden has recently established a fund for that purpose and has donated money to it. Donations to the fund have totalled RMB200 million. The Company has also set up a care fund for medical workers and volunteers, purchased scarce medical supplies worldwide and then delivered them directly to the epidemic areas. It has also provided the sealed off areas and mobile cabin hospitals with catering robots free of charge. In addition, it has built production lines for medical masks. All this is Country Garden's effort to assist our country in fighting the epidemic.

We are set on making society a better place and, for this purpose, we will enhance our competitiveness with the help of technology. We hope that all staff members of the Group will take advantage of this great era by tapping their potential completely and giving their talent full play. Only then can we look back on our lives with no regrets! Let's contribute to our country's social advancement, urbanization and modernization. Let's create more value for society and the capital market. Here we would like to express our gratitude to all the colleagues for their hard work!

March on for a brighter future.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December	
		2019 RMB million	2018 RMB million
Non-current assets			
Property, plant and equipment		24,240	23,421
Investment properties		12,923	16,435
Intangible assets		745	670
Land use rights		–	2,496
Right-of-use assets	2	4,447	–
Properties under development		134,150	107,812
Investments in joint ventures		34,954	27,891
Investments in associates		17,159	18,768
Financial assets at fair value through other comprehensive income		3,282	1,796
Derivative financial instruments		2,648	992
Trade and other receivables	4	14,056	10,962
Deferred income tax assets		27,031	18,701
		<u>275,635</u>	<u>229,944</u>
Current assets			
Properties under development		810,300	626,937
Completed properties held for sale		45,781	44,338
Inventories		11,781	8,822
Trade and other receivables	4	438,195	426,397
Contract assets and contract acquisition costs		24,020	17,094
Prepaid income tax		24,712	21,350
Restricted cash		19,363	14,200
Cash and cash equivalents		248,985	228,343
Financial assets at fair value through profit or loss		7,933	12,019
Derivative financial instruments		447	250
		<u>1,631,517</u>	<u>1,399,750</u>
Current liabilities			
Contract liabilities		646,996	562,800
Trade and other payables	5	594,548	498,821
Receipts under securitisation arrangements		279	794
Current income tax liabilities		40,367	30,783
Senior notes	6	7,343	2,238
Corporate bonds	7	28,850	23,964
Convertible bonds	8	22	8,051
Bank and other borrowings		80,057	91,844
Lease liabilities	2	258	–
Derivative financial instruments		32	111
		<u>1,398,752</u>	<u>1,219,406</u>
Net current assets		<u>232,765</u>	<u>180,344</u>
Total assets less current liabilities		<u><u>508,400</u></u>	<u><u>410,288</u></u>

		As at 31 December	
	<i>Note</i>	2019	2018
		RMB million	RMB million
Non-current liabilities			
Senior notes	6	57,550	39,478
Corporate bonds	7	17,550	17,944
Convertible bonds	8	5,495	5,117
Bank and other borrowings		172,736	139,839
Lease liabilities	2	651	–
Deferred government grants		215	249
Deferred income tax liabilities		32,763	32,224
Derivative financial instruments		2,832	2,029
		<u>289,792</u>	<u>236,880</u>
Equity attributable to owners of the Company			
Share capital and premium	9	29,751	27,881
Other reserves		12,472	8,247
Retained earnings		109,716	85,202
		<u>151,939</u>	<u>121,330</u>
Non-controlling interests		<u>66,669</u>	<u>52,078</u>
Total equity		<u>218,608</u>	<u>173,408</u>
Total equity and non-current liabilities		<u><u>508,400</u></u>	<u><u>410,288</u></u>

CONSOLIDATED INCOME STATEMENT

	Note	Year ended 31 December	
		2019 RMB million	2018 RMB million
Revenue	3	485,908	379,079
Cost of sales		(359,271)	(276,603)
Gross profit		126,637	102,476
Other income and gains — net	10	3,288	4,344
Gains arising from changes in fair value of and transfer to investment properties		126	1,732
Selling and marketing costs		(16,365)	(12,533)
Administrative expenses		(17,538)	(16,601)
Research and development expenses		(1,973)	(1,224)
Net impairment losses on financial and contract assets		(1,515)	(1,176)
Operating profit		92,660	77,018
Finance income	11	2,371	2,445
Finance costs	11	(1,200)	(1,097)
Finance income — net	11	1,171	1,348
Share of results of joint ventures and associates		5,108	1,197
Profit before income tax		98,939	79,563
Income tax expenses	12	(37,737)	(31,021)
Profit for the year		61,202	48,542
Profit attributable to:			
— Owners of the Company		39,550	34,618
— Non-controlling interests		21,652	13,924
		61,202	48,542
Earnings per share attributable to owners of the Company (expressed in RMB yuan per share)			
Basic	14	1.85	1.61
Diluted	14	1.79	1.55
Dividends			
Interim dividend paid	13	4,953	4,017
Final dividend proposed	13	7,485	6,563

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2019 <i>RMB million</i>	2018 <i>RMB million</i>
Profit for the year	61,202	48,542
Other comprehensive income		
<i>Items that will not be reclassified to profit or loss:</i>		
— Change in fair value of financial assets at fair value through other comprehensive income	195	107
— Revaluation gains on properties upon transfer from right-of-use assets	91	—
<i>Items that may be reclassified to profit or loss:</i>		
— Deferred (losses)/gains on cash flow hedges	(36)	35
— Deferred gains/(costs) of hedging	487	(1,099)
— Currency translation differences	(565)	(67)
Total other comprehensive income/(loss) for the year, net of tax	172	(1,024)
Total comprehensive income for the year	61,374	47,518
Total comprehensive income attributable to:		
— Owners of the Company	39,749	33,619
— Non-controlling interests	21,625	13,899
	61,374	47,518

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Change in accounting policies and disclosures

(i) New and amended standards and interpretation adopted by the Group

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

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

Except for HKFRS 16, the adoption of these amendments and interpretation 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. Impact of the adoption of HKFRS 16 is disclosed in note 2.

(ii) New, revised and amended standards not yet adopted

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

		Effective for the financial year beginning on or after
Amendments to HKFRS 3	Definition of a business	1 January 2020
Amendments to HKAS 1 and HKAS 8	Definition of material	1 January 2020
Revised Conceptual Framework for Financial Reporting		1 January 2020
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Interest rate benchmark reform	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 and revised standards, amendments and interpretations to existing standards are effective for annual periods beginning after 1 January 2020 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group except for HKFRS 17. The Group will assess the impact of HKFRS 17 on the Group's consolidated financial statements.

2 Adoption of HKFRS 16

The Group has adopted HKFRS 16 “Leases” retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of HKAS 17 “Leases”. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2019. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 6.5%.

(a) Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review;
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

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

(b) Measurement of lease liabilities

	<i>RMB million</i>
Operating lease commitments disclosed as at 31 December 2018	<u>317</u>
Discounted using the lessee’s incremental borrowing rate of at the date of initial application	269
Less: short-term leases not recognised as a liability	<u>(25)</u>
Lease liabilities recognised as at 1 January 2019	<u>244</u>

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

	31 December 2019 <i>RMB million</i>	1 January 2019 <i>RMB million</i>
Current lease liabilities	258	75
Non-current lease liabilities	651	169
	<hr/>	<hr/>
Total lease liabilities	909	244
	<hr/> <hr/>	<hr/> <hr/>

(c) Measurement of right-of-use assets

Right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

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

	31 December 2019 <i>RMB million</i>	1 January 2019 <i>RMB million</i>
Leased properties	746	244
Land use rights (reclassified from the financial statement line item “land use rights”)	3,701	2,496
	<hr/>	<hr/>
Total right-of-use assets	4,447	2,740
	<hr/> <hr/>	<hr/> <hr/>

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

	<i>RMB million</i>
Balance at 31 December 2018	–
Adjustment on adoption of HKFRS 16	2,740
	<hr/>
Opening net book amount as at 1 January 2019, as restated	2,740
Additions	2,039
Depreciation	(332)
	<hr/>
Closing net book amount as at 31 December 2019	4,447
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(d) Amounts recognised in the consolidated income statement

The consolidated income statement shows the following amounts relating to leases:

	2019 <i>RMB million</i>
Depreciation charge of right-of-use assets	
Leased properties	(263)
Land use rights	(69)
	<hr/>
	(332)
	<hr/>
Interest expense (included in finance cost)	(63)
Expense relating to short-term lease and low-value assets leases (included in cost of sales, selling and marketing costs and administrative expenses)	(209)

The total cash outflow for leases in 2019 was RMB1,798 million.

(e) Adjustments recognised in the balance sheet on 1 January 2019

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- right-of-use assets — increased by RMB2,740 million;
- lease liabilities — increased by RMB244 million;
- land use rights — decrease by RMB2,496 million.

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

(f) Lessor accounting

The Group did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of HKFRS 16.

3 Revenue and segment information

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.

The executive directors of the Company assessed 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.

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, right-of-use assets (2018: 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 financial assets at fair value through other comprehensive income, derivative financial instruments, deferred income tax assets and financial assets at fair value through profit or loss. Segment liabilities consist primarily of operating liabilities. They exclude receipts under securitisation arrangements, current income tax liabilities, senior notes, corporate bonds, convertible bonds, bank and other borrowings, derivative financial instruments and deferred income tax liabilities.

Capital expenditure comprises additions to property, plant and equipment, investment properties, intangible assets and right-of-use assets (2018: land use rights), excluding those arising from business combinations.

Revenue consists of the following:

	2019	2018
	<i>RMB million</i>	<i>RMB million</i>
Sales of properties	475,012	369,405
Rendering of construction services	6,219	5,265
Rental income	412	227
Rendering of property management services	–	1,632
Rendering of hotel services and others	4,265	2,550
	<u>485,908</u>	<u>379,079</u>

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 customers, 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 2019 is as follows:

	Property development RMB million	Construction RMB million	Others RMB million	Total RMB million
Revenue from contracts with customers	475,012	51,141	22,806	548,959
— Recognised at a point in time	378,450	—	20,851	399,301
— Recognised over time	96,562	51,141	1,955	149,658
Revenue from other source				
— Rental income	—	—	412	412
Segment revenue	475,012	51,141	23,218	549,371
Inter-segment revenue	—	(44,922)	(18,541)	(63,463)
Revenue from external customers	475,012	6,219	4,677	485,908
Share of results of joint ventures and associates	5,217	—	(109)	5,108
Gains arising from changes in fair value of and transfer to investment properties	—	—	126	126
Depreciation and amortisation expenses of property, plant and equipment, intangible assets and right-of-use assets	750	50	748	1,548
Net impairment losses on financial and contract assets	1,396	31	88	1,515
Segment results	97,601	244	(385)	97,460
At 31 December 2019				
Total segment assets after elimination of inter-segment balances	1,715,742	37,701	112,368	1,865,811
Investments in joint ventures and associates	51,861	—	252	52,113
Capital expenditure	2,091	157	2,960	5,208
Total segment liabilities after elimination of inter-segment balances	1,120,310	30,489	91,869	1,242,668

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 <i>RMB million</i>	Construction <i>RMB million</i>	Others <i>RMB million</i>	Total <i>RMB million</i>
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 source				
— 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	<u>75,566</u>	<u>351</u>	<u>2,276</u>	<u>78,193</u>
At 31 December 2018				
Total segment assets after elimination of inter-segment balances	<u>1,519,796</u>	<u>21,951</u>	<u>54,189</u>	<u>1,595,936</u>
Investments in joint ventures and associates	<u>46,431</u>	<u>—</u>	<u>228</u>	<u>46,659</u>
Capital expenditure	<u>1,792</u>	<u>32</u>	<u>1,972</u>	<u>3,796</u>
Total segment liabilities after elimination of inter-segment balances	<u>1,022,717</u>	<u>19,023</u>	<u>20,130</u>	<u>1,061,870</u>

4 Trade and other receivables

	2019 <i>RMB million</i>	2018 <i>RMB million</i>
Included in current assets		
— Trade receivables — net (<i>note (a)</i>)	39,863	40,597
— Other receivables — net (<i>note (b)</i>)	296,884	251,182
— Loans to third parties — net	14	687
— Prepayments for land (<i>note (c)</i>)	49,597	109,670
— Other prepayments	51,837	24,261
	<u>438,195</u>	<u>426,397</u>
Included in non-current assets		
— Deposits for acquisitions of companies	14,056	10,962
	<u>452,251</u>	<u>437,359</u>

As at 31 December 2019, the carrying value of other receivables approximately their fair value.

(a) Details of trade receivables are as follows:

	2019 <i>RMB million</i>	2018 <i>RMB million</i>
Trade receivables	40,034	40,724
Less: allowance for impairment	(171)	(127)
Trade receivables — net	<u>39,863</u>	<u>40,597</u>

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:

	2019 <i>RMB million</i>	2018 <i>RMB million</i>
Within 90 days	35,156	37,275
Over 90 days and within 180 days	2,558	1,593
Over 180 days and within 365 days	1,665	1,149
Over 365 days	655	707
	<u>40,034</u>	<u>40,724</u>

As at 31 December 2019 and 2018, trade receivables were mainly denominated in RMB.

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 31 December 2019, a provision of RMB171 million (2018: RMB127 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:

	2019 <i>RMB million</i>	2018 <i>RMB million</i>
Amounts due from joint ventures, associates and other related parties	114,474	83,387
Land auction and other deposits	14,357	61,705
Others (i)	171,436	107,995
	300,267	253,087
Less: allowance for impairment	(3,383)	(1,905)
Other receivables — net	296,884	251,182

i 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 mainly interest-free, unsecured and repayable according to contract terms.

(c) Prepayments for land are related to prepaid land acquisition costs while relevant land use right certificates have not been obtained as at 31 December 2019.

5 Trade and other payables

	2019 <i>RMB million</i>	2018 <i>RMB million</i>
Trade payables (<i>note (a)</i>)	329,305	255,053
Other payables (<i>note (b)</i>)	203,467	192,934
Other taxes payable	51,427	41,034
Salaries payable	10,349	9,800
	594,548	498,821

As at 31 December 2019, the carrying amounts of trade and other payables approximated their fair values.

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

	2019 <i>RMB million</i>	2018 <i>RMB million</i>
Within 90 days	274,669	211,512
Over 90 days and within 180 days	43,438	34,648
Over 180 days and within 365 days	7,273	5,698
Over 365 days	3,925	3,195
	329,305	255,053

(b) 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 mainly interest-free, unsecured and repayable according to contract terms.

6 Senior notes

	2019 <i>RMB million</i>	2018 <i>RMB million</i>
At 1 January	41,716	31,913
Additions (<i>note (a)</i>)	23,081	16,324
Early redemption	–	(4,757)
Repayment on maturity (<i>note (a)</i>)	(1,723)	(3,464)
Interest expenses	3,909	2,646
Coupon interest paid	(3,361)	(2,130)
Currency translation differences	1,271	1,184
	<hr/>	<hr/>
At 31 December	64,893	41,716
Less: current portion included in current liabilities	(7,343)	(2,238)
	<hr/>	<hr/>
Included in non-current liabilities	<u>57,550</u>	<u>39,478</u>

(a) During the year ended 31 December 2019, changes of the Group's senior notes are as follow:

Name of notes	Par value <i>(million)</i>	Interest rate	Issue date	Term of the notes
Issued during the year:				
2022 Notes III	USD550	7.125%	25 January 2019	3 years
2024 Notes — tranche II	USD450	8.000%	25 January 2019	5 years
2024 Notes II	USD550	6.500%	8 April 2019	5 years
2026 Notes II — tranche I	USD950	7.250%	8 April 2019	7 years
2026 Notes II — tranche II *	USD400	7.250%	18 July 2019	6.7 years
2025 Notes II	USD500	6.150%	17 September 2019	6 years
Repaid during the year on maturity:				
2019 Notes II	USD250	7.500%	5 June 2014	5 years

* 2026 Notes II — tranche II was consolidated and form a single series with the 2026 Notes II — tranche I.

7 Corporate bonds

	2019 <i>RMB million</i>	2018 <i>RMB million</i>
At 1 January	41,908	47,334
Acquisitions of subsidiaries	–	3,475
Additions (<i>note (a)</i>)	11,743	5,732
Repayment upon maturity	(7,650)	(14,534)
Interest expenses	2,928	2,389
Coupon interest paid	(2,566)	(2,492)
Currency translation differences	37	4
	<hr/>	<hr/>
At 31 December	46,400	41,908
Less: current portion included in current liabilities	(28,850)	(23,964)
	<hr/>	<hr/>
Included in non-current liabilities	<u>17,550</u>	<u>17,944</u>

(a) During the year ended 31 December 2019, corporate bonds newly issued by the Group were listed as following:

Name of bond	Par value <i>RMB million</i>	Interest rate	Issue date	Term of the bond
RMB Private Corporate bonds of Guangdong Giant Leap Construction Co., Ltd. issued in 2019 — tranche I	2,900	5.93%	26 April 2019	2 years
RMB Private House Leasing bonds of Country Garden Property Co., Ltd. (“ Country Garden Property ”) issued in 2019 — tranche I	567	5.95%	1 April 2019	4 years
RMB Corporate bonds of Country Garden Property issued in 2019 — tranche I	590	5.03%	2 April 2019	5 years
RMB Corporate bonds of Country Garden Property issued in 2019 — tranche II	2,210	5.14%	1 August 2019	4 years
RMB Private bonds of Country Garden Property issued in 2019 — tranche I	1,850	6.80%	26 September 2019	4 years
RMB Corporate bonds of Country Garden Property issued in 2019 — tranche III	3,000	4.98%	20 November 2019	4 years
RM Corporate bonds of Country Garden Real Estate Sdn. Bhd. issued in 2019 — tranche III	213	6.40%	18 March 2019	3 years
RM Corporate bonds of Country Garden Real Estate Sdn. Bhd. issued in 2019 — tranche IV	116	6.40%	8 May 2019	3 years
THB Corporate bonds of Risland (Thailand) Company Limited issued in 2019	334	4.75%	24 July 2019	3 years

8 Convertible bonds

	2019 <i>RMB million</i>	2018 <i>RMB million</i>
Liability component as at 1 January	13,168	–
Additions	–	17,247
Redemption (<i>note (a)</i>)	(7,869)	(5,651)
Interest expenses	628	596
Coupon interest paid	(373)	–
Currency translation differences	(37)	976
	<hr/>	<hr/>
Liability component as at 31 December	5,517	13,168
Less: current portion included in current liabilities	(22)	(8,051)
	<hr/>	<hr/>
Included in non-current liabilities	5,495	5,117
	<hr/> <hr/>	<hr/> <hr/>

- (a) 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 due 27 January 2019 (the “2019 Convertible Bonds”). As at 31 December 2019, the Group has redeemed all outstanding 2019 Convertible Bonds upon maturity.

9 Share capital and premium

	Number of ordinary shares million	Nominal value of ordinary shares HKD million	Equivalent nominal value of ordinary shares RMB million	Share premium RMB million	Total RMB million	Treasury shares RMB million	Group total RMB million
Authorised							
At 1 January 2018, 31 December 2018 and 2019, HKD0.10 per share	100,000	10,000					
Issued and fully paid							
At 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	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	–	–	–	–	–	(2,965)	(2,965)
Cancellation of shares	(99)	(10)	(8)	(985)	(993)	993	–
At 31 December 2018	<u>21,646</u>	<u>2,164</u>	<u>2,032</u>	<u>28,201</u>	<u>30,233</u>	<u>(2,352)</u>	<u>27,881</u>
Issued and fully paid							
At 1 January 2019	21,646	2,164	2,032	28,201	30,233	(2,352)	27,881
Issue of shares	235	24	21	2,171	2,192	–	2,192
— Issue of shares as a result of scrip dividend	221	22	20	2,028	2,048	–	2,048
— Issue of shares pursuant to share option scheme	14	2	1	143	144	–	144
Buy-back of shares (<i>note (a)</i>)	–	–	–	–	–	(322)	(322)
Cancellation of shares	(36)	(4)	(3)	(319)	(322)	322	–
At 31 December 2019	<u>21,845</u>	<u>2,184</u>	<u>2,050</u>	<u>30,053</u>	<u>32,103</u>	<u>(2,352)</u>	<u>29,751</u>

(a) Buy-back of shares

The Group bought back a total of 36 million (2018: 284 million) of the Company's shares during 2019. The total consideration paid to buy back these shares was RMB322 million (2018: RMB2,965 million), which has been deducted from equity attributable to the owners of the Company. As at 31 December 2019, the treasury shares of the Group amounted to a total of 293 million.

10 Other income and gains — net

	2019 <i>RMB million</i>	2018 <i>RMB million</i>
Other income		
— Management and consulting service income	733	1,395
— Forfeiture of deposits received from property buyers	127	54
— Government subsidy income	326	303
	<hr/> 1,186	<hr/> 1,752
Other gains		
— Gains arising from negative goodwill	655	1,102
— Changes in fair value of derivative financial instruments	308	22
— Gains on disposals of subsidiaries	967	455
— Gains on disposals of joint ventures and associates	48	337
— Gains on disposals of property, plant and equipment	72	28
— Others	52	648
	<hr/> 2,102	<hr/> 2,592
Total other income and gains — net	<hr/> 3,288	<hr/> 4,344

11 Finance income — net

	2019 <i>RMB million</i>	2018 <i>RMB million</i>
Finance income:		
— Interest income on short-term deposits and others	<u>2,371</u>	<u>2,445</u>
Finance costs:		
— Interest expenses:		
— Bank and other borrowings	(16,935)	(13,415)
— Senior notes (<i>note 6</i>)	(3,909)	(2,646)
— Corporate bonds (<i>note 7</i>)	(2,928)	(2,389)
— Convertible bonds (<i>note 8</i>)	(628)	(596)
— Lease liabilities (<i>note 2</i>)	(63)	—
— Receipts under securitisation arrangements	<u>(26)</u>	<u>(83)</u>
	(24,489)	(19,129)
Less: amounts capitalised on qualifying assets	<u>24,489</u>	<u>19,129</u>
	—	—
— Net foreign exchange losses:		
— Net foreign exchange losses on financing activities before hedging	(1,577)	(2,450)
— Reclassified from cash flow hedge reserves	804	1,517
— Reclassified from deferred costs of hedging reserves	<u>(427)</u>	<u>(44)</u>
	(1,200)	(977)
— Net losses on early redemption	<u>—</u>	<u>(120)</u>
	(1,200)	(1,097)
Finance income — net	<u><u>1,171</u></u>	<u><u>1,348</u></u>

12 Income tax expenses

	2019 <i>RMB million</i>	2018 <i>RMB million</i>
Current income tax		
— Corporate income tax	31,373	20,031
— Land appreciation tax	16,424	13,922
	<u>47,797</u>	<u>33,953</u>
Deferred income tax		
— Corporate income tax	(10,629)	(3,351)
— Land appreciation tax	—	(159)
— Withholding income tax	569	578
	<u>(10,060)</u>	<u>(2,932)</u>
	<u><u>37,737</u></u>	<u><u>31,021</u></u>

13 Dividends

	2019 <i>RMB million</i>	2018 <i>RMB million</i>
Proposed final dividend of RMB34.25 cents (2018: RMB30.32 cents) per share	7,485	6,563
Interim dividend of RMB22.87 cents (2018: RMB18.52 cents) per share	4,953	4,017
	<u>12,438</u>	<u>10,580</u>

The final dividend in respect of 2018 of RMB30.32 cents (equivalent to HKD34.49 cents) per share, totalling RMB6,563 million, has been approved in the Annual General Meeting on 16 May 2019 and paid in cash in July 2019.

On 22 August 2019, the Board of Directors of the Company declared the payment of a 2019 interim dividend of RMB22.87 cents per share (2018 interim dividend: RMB18.52 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 2019. The number of ordinary shares settled and issued as scrip dividends was 220,664,329 and the total amount of dividend paid as scrip dividends was RMB2,048 million while cash dividend amounted to RMB2,905 million.

The Board of Directors recommended the payment of a 2019 final dividend of RMB34.25 cents per share, totalling RMB7,485 million with the eligible shareholders being given an option to elect to receive the final dividend all in new shares, or partly in new shares and partly in cash, or all in cash. 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.

14 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 (note 9).

	2019	2018
Profit attributable to owners of the Company (RMB million)	39,550	34,618
Weighted average number of ordinary shares in issue (million)	<u>21,375</u>	<u>21,472</u>
Earnings per share — Basic (RMB yuan per share)	<u><u>1.85</u></u>	<u><u>1.61</u></u>

(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, if applicable. 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 2019.

	2019	2018
Profit attributable to owners of the Company (RMB million)	<u>39,550</u>	<u>34,618</u>
Weighted average number of ordinary shares in issue (million)	21,375	21,472
Adjustments — share options, awarded shares and convertible bonds (million)	<u>704</u>	<u>838</u>
Weighted average number of ordinary shares for diluted earnings per share (million)	<u>22,079</u>	<u>22,310</u>
Earnings per share — Diluted (RMB yuan per share)	<u><u>1.79</u></u>	<u><u>1.55</u></u>

15 Subsequent event

After the outbreak of Coronavirus Disease 2019 (“COVID-19 outbreak”) in early 2020, a series of precautionary and control measures have been implemented across China continuously. The Group will pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group's revenue was primarily derived from two business segments as follows: Property development, and Construction. Revenue increased by 28.2% to approximately RMB485,908 million in 2019 from approximately RMB379,079 million in 2018. 97.8% of the Group's revenue was generated from the sales of properties (2018: 97.4%) and 2.2% from construction and other segments (2018: 2.6%).

Property Development

Revenue generated from property development maintained a growth as a result of the steady property contracted sales, and the timely delivery of property units benefit from the efficient project construction management system in 2019. Revenue generated from property development increased by 28.6% to approximately RMB475,012 million in 2019 from approximately RMB369,405 million in 2018. The recognised average selling price of property delivered was approximately RMB8,407 per sq.m. in 2019, decreasing from approximately RMB8,550 per sq.m. in 2018.

Construction

Construction revenue from external parties increased by 18.1% to approximately RMB6,219 million in 2019 from approximately RMB5,265 million in 2018, primarily due to increase in the construction volume and the number of construction projects.

Others

Others segment mainly includes property investment, hotel operation and others. Revenue from external parties of these segments increased by 6.1% to approximately RMB4,677 million in 2019 from approximately RMB4,409 million in 2018.

Finance Income — Net

The Group recorded net finance income of approximately RMB1,171 million in 2019 (2018: approximately RMB1,348 million).

In 2019, the Group recorded post-hedging net foreign exchange losses of approximately RMB1,200 million (2018: approximately RMB977 million), interest income of approximately RMB2,371 million (2018: approximately RMB2,445 million), interest expense of approximately RMB24,489 million (2018: approximately RMB19,129 million) of which 100% were capitalised on qualifying assets (2018: 100%), and no net loss on early redemption of senior notes and convertible bonds (2018: approximately RMB120 million).

Profit and Core Net Profit Attributable to Owners of the Company

Due to the increase in the revenue recognised from the sales of properties of the Group, the profit attributable to owners of the Company increased by approximately 14.2% to approximately RMB39,550 million in 2019, when compared with approximately RMB34,618 million in 2018.

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 2019 was approximately RMB40,124 million, representing an increase of approximately 17.6% when compared with approximately RMB34,125 million for the corresponding period in 2018.

Liquidity, Financial and Capital Resources

As at 31 December 2019, the Group's available cash (equals to the sum of cash and cash equivalents and restricted cash) amounted to approximately RMB268,348 million (31 December 2018: approximately RMB242,543 million). As at 31 December 2019, 96.6% (31 December 2018: 95.7%) of the Group's cash and bank deposits was denominated in Renminbi and 3.4% (31 December 2018: 4.3%) was denominated in other currencies (mainly US dollars, HK dollars and Malaysian Ringgit).

As at 31 December 2019, the carrying amount of the restricted cash was approximately RMB19,363 million (31 December 2018: approximately RMB14,200 million). Pursuant to relevant regulations, certain project companies were required to deposit a portion of proceeds from pre-sales of properties into designated bank accounts. Before 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 2019, the net current assets of the Group were approximately RMB232,765 million (31 December 2018: approximately RMB180,344 million). The current ratio being current assets over current liabilities was approximately 1.2 as at 31 December 2019, increased from approximately 1.1 as at 31 December 2018.

As at 31 December 2019, the Group's bank and other borrowings, senior notes, corporate bonds and convertible bonds amounted to approximately RMB252,793 million, RMB64,893 million, RMB46,400 million and RMB5,517 million respectively (31 December 2018: approximately RMB231,683 million, RMB41,716 million, RMB41,908 million and RMB13,168 million respectively).

For bank and other borrowings, approximately RMB80,057 million, RMB170,089 million and RMB2,647 million will be repayable within 1 year, between 1 and 5 years and beyond 5 years respectively (31 December 2018: approximately RMB91,844 million, RMB133,063 million and RMB6,776 million respectively). As at 31 December 2019 and 31 December 2018, the majority of the bank and other borrowings were secured by certain properties, right-of-used assets, equipment and equity investment interests of the Group 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 of the Group decreased from approximately 49.6% as at 31 December 2018 to approximately 46.3% as at 31 December 2019.

Key Risk Factors and Uncertainties

The following 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. The outbreak of the Coronavirus (COVID-19) may also has negative influences on consumer confidence in the short term.

Interest Rate Risk

The Group's bank and other borrowings mainly bear floating rates. As at 31 December 2019, the weighted average borrowing cost of the Group's total debt was 6.34%, which was increased by 23 basic points from that as at 31 December 2018. The Group has implemented certain interest rate management which includes, among others, close monitoring of interest rate movements, refinancing on existing banking facilities and 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 risk. The objective of the hedges is to minimise the volatility of the RMB cost of highly probable forecast 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, foreign exchange structured derivatives and cross currency swaps to hedge its exposure to foreign exchange risk.

Guarantees

As at 31 December 2019, the Group had guarantees in respect of mortgage facilities for certain buyers amounting to approximately RMB348,154 million (31 December 2018: approximately RMB319,239 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) issuance 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 2019, the Group had provided guarantees amounting to approximately RMB73,239 million (31 December 2018: approximately RMB58,090 million) for certain borrowings of the joint ventures, associates and other related parties of the Group.

Employees and Remuneration Policy

Human resource has always been the most valuable resource of the Group. As at 31 December 2019, the Group had approximately 101,784 full-time employees (31 December 2018: 131,387).

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 the sections headed “SHARE OPTION SCHEME” and “EMPLOYEE INCENTIVE SCHEME” in this announcement.

Forward Looking

In the year of 2020, COVID-19 outbreak has caused a short-term impact on various industries. Under the effective control measure of Chinese government, the outbreak has been gradually controlled. So we believe consumer confidence will be gradually recovered and potential housing demand will not be reduced. However the construction and sales progress of the group may be exposed to short-term volatility because of the outbreak mentioned above. The group will be closely monitoring the level of its impact. The Group will continue to strengthen balance sheet and cash collection as a hedging strategy against potential uncertainty.

In the long run, it is expected that the government will continue to implement a long-term mechanism for real estate market for its steady and healthy development. At the same time, 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, apply a more conservative and practical strategy on new land acquisition to ensure the marketability of future projects and optimize geographic diversification, strengthen its contracted sales and cash collection and apply strict cost control to strengthen operating cash flows and ensure investment return.

Meanwhile, catering to the new trend and market demand like artificial intelligence industry innovation, aging workforce problem in the construction industry and consumers’ improved standard on food safety, the Group has constructed a corresponding investment portfolio, which covers the businesses of intelligent manufacturing, construction robots, modern agriculture and community retail. 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 all-rounded development. Looking forward, the Company will continue to actively explore the value of businesses and assets within the value chain of real estate, focus on the residential and related demands brought by urbanization, and establish an integrated platform covering the entire life span for our clients

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 2019 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 2019. 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 2019, 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 2019. No incident of non-compliance was noted by the Company for the year ended 31 December 2019. 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

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 “**Share(s)**”) within the validity period of the scheme.

During the year ended 31 December 2019, share options for 25,024,778 Shares with a fair value on the grant date of approximately RMB253,000,000 were granted to eligible persons in accordance with the terms of the Share Option Scheme.

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 2019, Power Great had been distributed fractional entitlements of a total of 317 Shares under the scrip dividend scheme in relation to the 2019 interim dividend of the Company, but had not acquired any Shares by other way in accordance with the Employee Incentive Scheme. As at 31 December 2019, share awards for 152,433,711 Shares were granted under the Employee Incentive Scheme subject to completion of the registration and transfer procedures pursuant to the Employee Incentive Scheme. As at 31 December 2019, the cumulative total number of the Shares held by Power Great under the Employee Incentive Scheme was 293,187,105 Shares (including Shares which had been granted to the relevant employees with the registration and transfer procedures yet to be completed) (31 December 2018: 293,186,788 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.

REDEMPTION AND ADJUSTMENT TO CONVERSION PRICE 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 of the Company dated 29 May 2018, 25 June 2018 and 18 September 2018, the 2019 Convertible Bonds might be converted into Shares at the last modified conversion price of HKD18.29 per Share (the “**2019 Conversion Price**”) during the conversion period under the terms of the 2019 Convertible Bonds. 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 securities 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 issued share capital of the Company as at 19 September 2018 (the date of the last adjustment to the 2019 Conversion Price) and approximately 3.78% of the then 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 granted at the 2017 AGM 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 applied the net proceeds for the repayment of debts of the Group and/or as general working capital purpose as intended. 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 “**Partial Repurchase**”) and had received commitments from holders of the 2019 Convertible Bonds to sell approximately HKD6,054 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 Partial Repurchase, the 2019 Convertible Bonds partially repurchased had been cancelled. Also, the Company had repurchased HKD396 million of the 2019 Convertible Bonds from SGX during 2018.

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 (including HKD396 million of the 2019 Convertible Bonds repurchased by the Company from SGX during 2018). Following such redemption, the Company does not have any outstanding 2019 Convertible Bonds and the 2019 Convertible Bonds were delisted from SGX. No new Shares were issued under the 2019 Convertible Bonds.

Concurrent with the Partial 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 “**2023 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 4.50% secured guaranteed convertible bonds due 2023 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 during the conversion period under the terms of the 2023 Convertible Bonds. 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.

Based on the adjustment provisions stipulated under the terms and conditions of the 2023 Convertible Bonds, as a result of the payment of a final dividend by the Company for the year ended 31 December 2018 and an interim dividend by the Company for the six months ended 30 June 2019, the conversion price of the 2023 Convertible Bonds had been adjusted to the last modified conversion price of HKD11.90 per Share (the “**2023 Conversion Price**”) with effect from 12 September 2019. Assuming full conversion of the 2023 Convertible Bonds at the 2023 Conversion Price, the 2023 Convertible Bonds would be convertible into 657,983,193 Shares, representing approximately 3.04% of the issued share capital of the Company as at 12 September 2019 and approximately 2.95% of the then issued share capital of the Company as enlarged by the issue of the conversion Shares.

The conditions set out in the 2023 Bonds Subscription Agreement have been fulfilled. On 5 December 2018, the Issuer issued the 2023 Convertible Bonds in the principal amount of HKD7,830 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 granted at the annual general meeting of the Company held on 17 May 2018 (the “**2018 AGM**”) subject to the limit of up to 20% of the total number of Shares in issue as at the date of 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. During the year ended 31 December 2019, the Company applied the net proceeds of approximately HKD6,054 million for the Partial Repurchase and the remainder was used for refinancing offshore indebtedness and there was no material change or delay in the use of proceeds according to the intentions previously disclosed by the Company. As at 31 December 2019, no conversion rights under the 2023 Convertible Bonds were exercised and no Shares were issued under the 2023 Convertible Bonds.

APPROVAL OF THE WRITTEN CALL OPTIONS AND ADJUSTMENT TO STRIKE PRICE OF WRITTEN CALL OPTIONS

On 21 November 2018, the Issuer entered into the 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 2023 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 the initial strike price of 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 Purchased Call Options will be settled in cash only.

The Written Call Options had been approved by the Shareholders at the extraordinary general meeting of the Company held on 16 May 2019 (the “**2019 EGM**”) in accordance with Rule 15.02 of the Listing Rules. The Written Call Options will be settled physically, under the specific mandate to issue Shares under the Written Call Options as approved by the Shareholders at the 2019 EGM.

Based on the adjustment provisions stipulated under the terms and conditions of the Written Call Options, as a result of the payment of a final dividend by the Company for the year ended 31 December 2018 and an interim dividend by the Company for the six months ended 30 June 2019, the strike price of the Written Call Options had been adjusted to the last modified strike price of HKD16.94 per Written Call Option with effect from 12 September 2019. The maximum number of Shares that may be issued upon physical settlement of the Written Call Options is 657,535,970 Shares, representing approximately 3.04% of the issued share capital of the Company as at 12 September 2019 and approximately 2.95% of the then issued share capital of the Company as enlarged by the issue of the Shares upon exercise of all of the Written Call Options.

Please refer to the announcements of the Company dated 21 November 2018, 22 November 2018, 12 December 2018, 24 May 2019, 3 June 2019 and 12 September 2019, and the circular of the Company dated 11 April 2019 for further details.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2019, the Company bought back a total of 36,385,000 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		Aggregate price HKD
		Highest HKD	Lowest HKD	
January	—	—	—	—
February	—	—	—	—
March	—	—	—	—
April	—	—	—	—
May	—	—	—	—
June	—	—	—	—
July	—	—	—	—
August	32,000,000	10.24	9.29	311,266,900
September	4,385,000	10.20	9.77	43,186,627
October	—	—	—	—
November	—	—	—	—
December	—	—	—	—

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Shares during the year ended 31 December 2019. 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 2019, please refer to notes 6 and 8 to the “NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS” and the section headed “REDEMPTION AND ADJUSTMENT TO CONVERSION PRICE OF CONVERTIBLE BONDS” in this announcement.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of RMB34.25 cents (2018 final dividend: RMB30.32 cents) per Share for the year ended 31 December 2019 (the “**Final Dividend**”) to Shareholders whose names appear on the register of members of the Company (the “**Register of Members**”) on Thursday, 4 June 2020 (the “**Record Date**”) (the “**Eligible Shareholders**”), with the Eligible Shareholders being given an option to elect to receive the Final Dividend all in new Shares or partly in new Shares and partly in cash or all in cash (the “**Scrip Dividend Scheme**”).

The proposed Final Dividend shall be declared in RMB and distributed in Hong Kong dollars. The Final Dividend to be distributed in Hong Kong dollars will be converted from RMB at the average central parity rate of RMB to Hong Kong dollars as announced by the People’s Bank of China for the period from Monday, 25 May 2020 to Friday, 29 May 2020.

The Scrip Dividend Scheme is subject to the Stock Exchange granting the listing of and permission to deal in the new Shares to be issued pursuant thereto.

A circular giving full details of the Scrip Dividend Scheme together with the relevant form of election will be sent to the Eligible Shareholders on or around Tuesday, 7 July 2020. It is expected that the Final Dividend warrants and certificates for the new Shares (in case the Eligible Shareholders have elected to receive part or all their Final Dividend in the form of new Shares) will be dispatched to the Eligible Shareholders on or around Wednesday, 12 August 2020.

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 “**2020 AGM**”), 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 2020 AGM:

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, 14 May 2020
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Record Date	Thursday, 14 May 2020
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Closure of the Register of Members	Friday, 15 May 2020 to Thursday, 21 May 2020 (both days inclusive)
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(ii) Subject to the passing of the Final Dividend proposal agenda at the 2020 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 Tuesday, 2 June 2020
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Closure of the Register of Members	Wednesday, 3 June 2020 to Thursday, 4 June 2020 (both days inclusive)
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Record Date	Thursday, 4 June 2020
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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 54, 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

Foshan, Guangdong Province, the PRC, 27 March 2020

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 Ziyang, Mr. YANG Zhicheng, Mr. SONG Jun 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. TO Yau Kwok.