



# Financial Year 2020 Interim Results Presentation

25 August 2020



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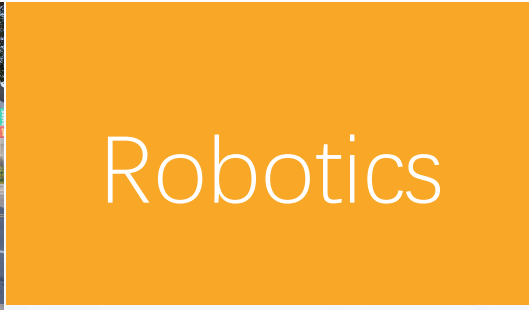
# all-out efforts in scientific epidemic prevention

full support to combat the novel coronavirus pneumonia

# All departments of the Group assist the frontline medical workers in fighting against the epidemic

Established an anti-epidemic fund for donations in a total of RMB200 million and purchased emergency medical supplies worldwide for Hubei

1,800 tons of agricultural produce for poverty alleviation transported to 13 cities in Hubei, benefiting 200,000 households in over 150 communities



Provided catering robots for quarantine centres and mobile cabin hospitals.

Free hospitality facilities for 1,300 Guangdong medical workers return from their rescue mission in Hubei



# Safeguarding workers against epidemic

- Adopted social-distancing, 100% of the property projects have set up online sales centres which enabled virtual show flat tour
- Conducted virus testing on employees in preparation for resumption of work and production
- Purchased four production lines with a daily production capacity of 300,000 face masks to fight epidemic
- Published guidelines on the prevention of the coronavirus
- Online result announcement briefing for the consideration of investors' safety

88 regions

2,662 projects

sales centres  
100% resumption of work

fields in construction  
100% resumption of work





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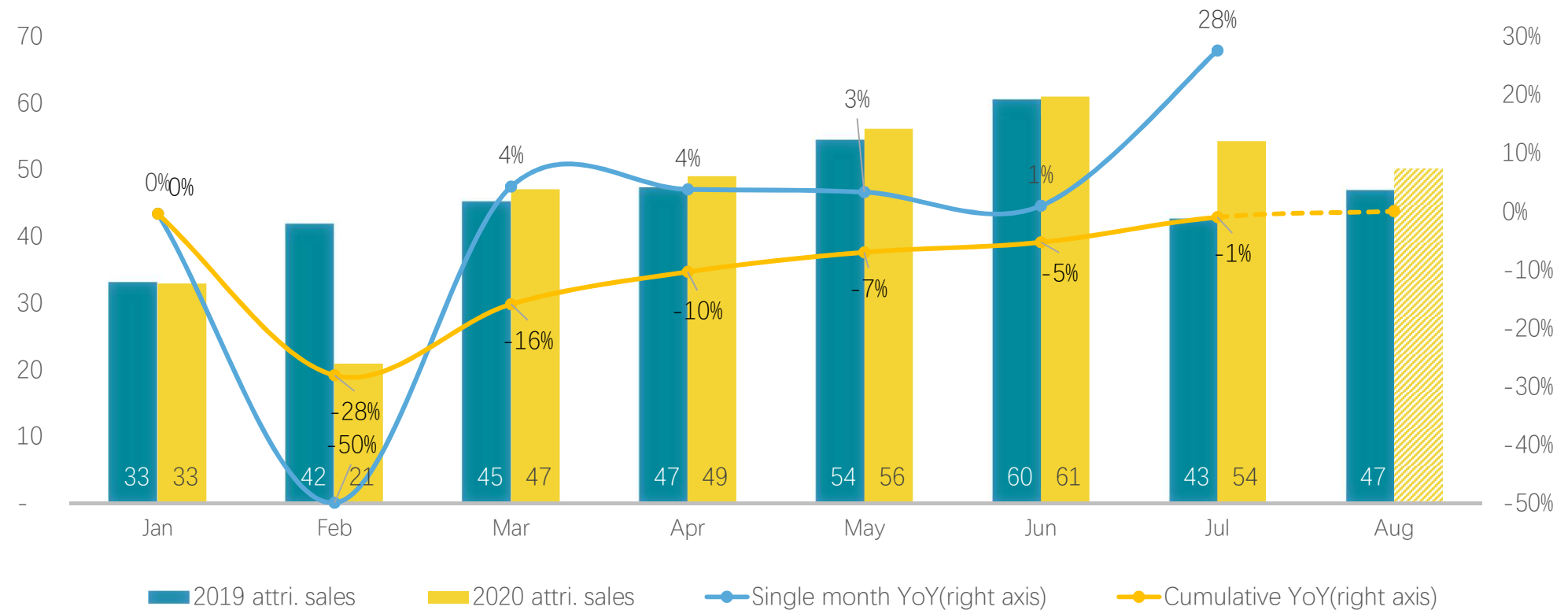
# sales rebounded

attributable contracted sales amounted to RMB266.95 billion  
with an attributable GFA of 31.85 million sq.m.



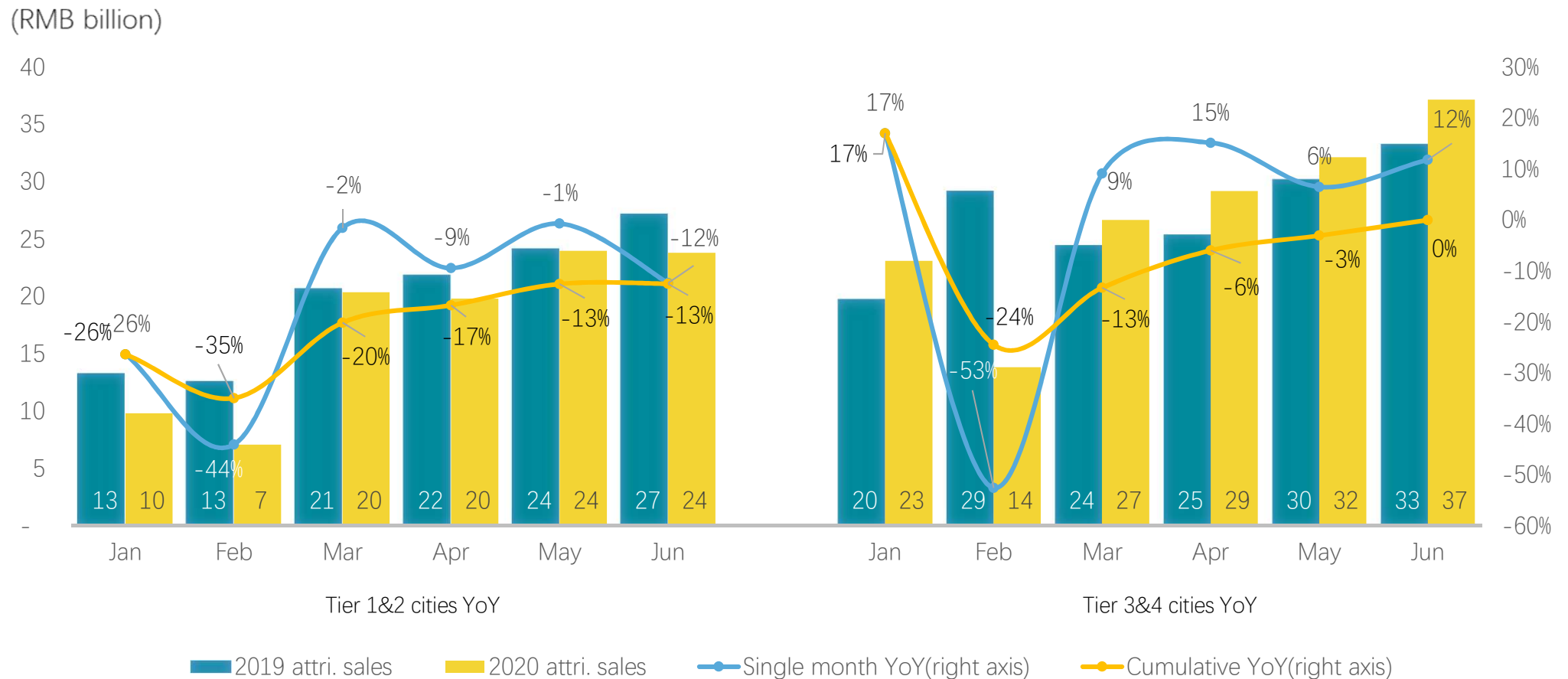
# Contracted sales rebounded after February (1/2)

(RMB billion)



Monthly attributable contracted sales decreased YoY in January and February due to the impact of the epidemic but there was YoY growth since March, demonstrating a gradual recovery in the monthly sales compared with those in the same month last year with a narrowing gap month by month. We are striving to have positive accumulated sales YoY growth by August.

# Outperforming contracted sales numbers in tier 3&4 cities<sup>1</sup>



A breakdown of contracted sales by the tier of city shows that sales in tier 3&4 cities grew year on year with the exception of those in February when sales was most affected by the epidemic. In contrast, sales in tier 1&2 cities showed varying levels of year-on-year decreases. Average sales in tier 3&4 cities grew by 11% year on year from March to June 2020, outperformed tier 1&2 cities on YoY basis.

Note:

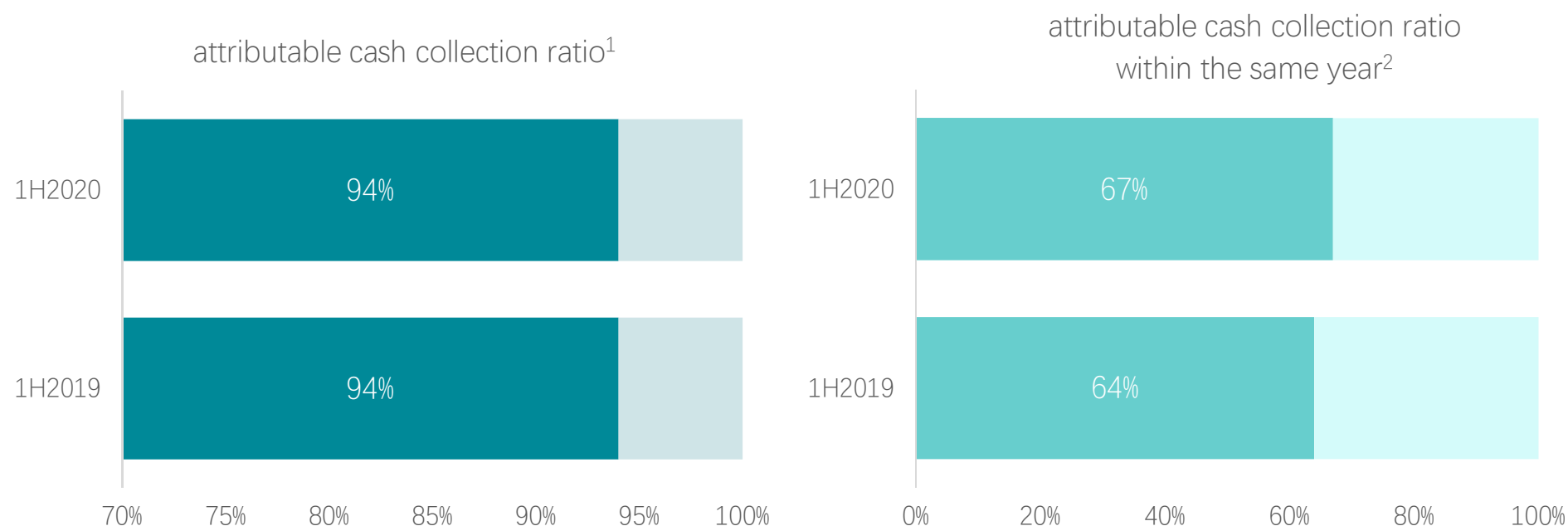
1. Tiers of cities are classified by geographical location

# steady performance in sell-through and cash collection

attributable sell-through rate reached 62%

cash collected from attributable sales of properties amounted to RMB250.93 billion with cash collection ratio of 94%, over 90% for 5 consecutive years

# Strong business operation capability ensures high cash collection



Attributable cash collection ratio in 1H2020 was on par with last year, while attributable cash collection ratio within the same year was 3 percentage points higher than that for the same period last year.

1, During the COVID-19 epidemic, the company sought the support of banks regarding their policies on personal loans, for example simplified procedures for granting mortgages and collecting mortgage payments;

2, Banks were ready to give support by speeding up the process of granting loans;

3, The company stepped up the assessment of how well cash collection met the targets with emphasis on a high level of capital employed turnover ratio. All of the Group's regional operations made ensuring a high rate of cash collection their priority and had established a standardized and elaborate mechanism for cash collection.

## Notes:

1. Attributable cash collection ratio = total cash collected from attributable sales in the first half of the year/ attributable sales in the first half of the year
2. Attributable cash collection ratio within the same year= cash collected from attributable sales in the first half of the year (less cash collected from last year's sales) / attributable sales in the first half of the year

enlisted as a Fortune Global  
500 company(147<sup>th</sup>)

the Group's revenue amounted to RMB184.96 billion  
gross profit<sup>1</sup> amounted to RMB44.89 billion, gross profit margin<sup>1</sup> was 24.3%  
net profit amounted to RMB21.93 billion, net profit margin was 11.9%  
core net profit attributable to owners of the Company amounted to  
RMB14.61 billion

# sufficient cash balance

cash balance amounted to RMB205.52 billion  
representing 10.5% of total assets

the Group's unused credit lines totaled RMB328.81 billion



# financial stability

total debt dropped by 7.5% from RMB369.60 billion to  
RMB342.04 billion since the end of 2019  
annualized revenue<sup>1</sup> to total debt<sup>2</sup> ratio was 114%, increased  
by 2 p.p. YoY

Notes:

1. Annualized revenue= annualized revenue on a rolling basis
2. Total debt=total debt and other adjusted items

# Lower borrowing cost

weighted average borrowing cost as at 30 June 2020 was  
5.85%, down by 0.49 p.p. since the end of 2019

# efficient cost control

SG&A accounted for 7.3%, of revenue, dropped by 1.9 p.p. YoY  
improving competitiveness



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# nationwide coverage

projects spanning across all provinces in Mainland China

As at 30 June 2020, the number of projects acquired in Mainland China by the Group amounted to **2,662** spanning across **288** cities in 31 provinces/autonomous regions/municipalities and covering a total of **1,334** districts / counties.



Note:

1. There are 27 projects outside Mainland China

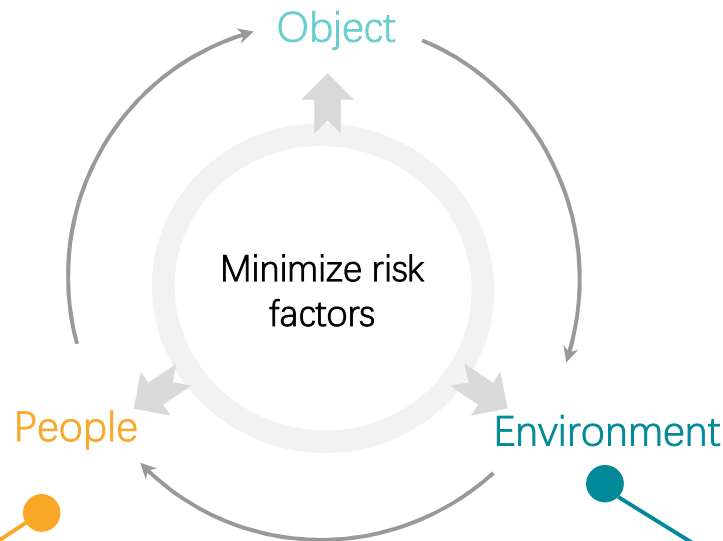


# safety and quality improvement with steady process

keep attaching great attention to engineering safety  
and construction quality

# Construction safety is our long-term goal

- ① **Organization safeguard:** with the Group Safety Committee as the core team to established a safe work environment at all levels
- ② **Leading safety standards:** build top-down safety guidelines
- ③ **Management in place:** evaluate safety management effectiveness of contractors and third-party supervisors
- ④ **Worker protection:** carry out safety education, implement worker medical examination and real-name system
- ⑤ **Raising awareness:** established July 26 as “Country Garden’s Production Safety Day”, with regular safety events to be carried out



- ① **Risk factors examination:** establish a comprehensive safety inspection system
  - Daily inspection by security officers of general contractor and supervisory agency
  - Weekly onsite inspection by project general manager
  - Monthly inspection by cooperation partners
  - Monthly inspection at regional level
  - Group's quarterly third-party inspection
  - Special inspection on Group's safety and quality compliance
  - Monthly special safety inspection (base pit, large-scale machinery, fire prevention etc.)
- ② **Critical risk points assessment and control:**
  - suspend any part involving risks of major safety hazards
  - Set up “black, red and yellow” alert levels for safety risks

- ① **Standardizing preventive measures:** standardized practices and improved facilities for prevention of accidents
- ② **Strengthening emergency management:** setting up contingency plans and ad-hoc teams for emergencies
- ③ **Ensuring capability to handle emergencies:** regular training and drilling were conducted for experiences in handling emergencies

Further strengthen process management to minimize uncertainty exposure

# effective human resources management

approx. 1,000 holders of doctorates  
48 of them have been promoted to regional VP or above



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# sufficient land bank

support the Group's steady performance

# Sufficient salable resources in Mainland China to provide strong support for future development



## Notes:

1. as at 30 June 2020; attributable salable resources are estimated by calculating expected ASP, expected GFA and attributable ratio
2. estimated potential attributable salable resources targeting Shenzhen, Dongguan, Huizhou, Guangzhou, Foshan and Zhengzhou are RMB449.6 billion, while estimated attributable salable resources of potential projects in other regions (Taiyuan, Lanzhou, Kunming and Hainan etc.) are RMB221.0 billion



# Greater Bay Area

Existing attributable salable resources  
amounted to RMB308.8 billion

Potential attributable salable resources  
amounted to RMB318.2 billion

existing attributable salable resources **targeting Shenzhen** amounted to RMB137.9 bn,  
while **potential** attributable salable resources amounted to RMB271.5 bn

existing attributable salable resources **in Shenzhen** amounted to RMB20.0 bn,  
while **potential** attributable salable resources amounted to RMB71.2 bn

# Sufficient salable resources in Greater Bay Area to lead peers

Country Garden's attributable salable resources located in Greater Bay Area amounted to RMB308.8 billion with salable GFA of approximately 22.23 million sq.m.



The Group also owned potential land bank in the Greater Bay Area with attributable salable resources of RMB**318.2** billion, aggregating to RMB**627.0** billion along with acquired attributable salable resources to create significant development value

Note:

1. Attributable salable resources are estimated by calculating expected ASP, expected GFA and attributable ratio

# salable resources distribution in line with the trend of migration

among existing salable resources:

98% are in regions with population of over 0.5 million;

93% are in regions featuring immigration;

73% are in top-five city clusters

# Rational distribution of salable resources: major resources in line with the trend of migration

Permanent residents by end of 2018 (million)	Attributable salable resources (RMB billion)	Contribution to total salable resources
>10	291.2	17%
5-10	556.1	33%
3-5	568.3	34%
1-3	185.3	11%
0.5-1	40.1	2%
<0.5	28.8	2%
Total	1,669.8	100%

Net population	Attributable salable resources (RMB billion)	Contribution to total salable resources
Inflow	1,554.4	93%
Outflow	115.4	7%
Total	1,669.8	100%

City clusters	Attributable salable resources (RMB billion)	Contribution to total salable resources
<b>Top-five city clusters</b>	<b>1,217.2</b>	<b>73%</b>
♦ Yangtze River Delta / Jiangsu, Zhejiang, Shanghai and Anhui	310.4	19%
♦ Guangdong	431.1	26%
♦ Bohai Rim/Beijing-Tianjin-Hebei-Liaoning-Shanxi-Shandong-Inner Mongolia Area	290.5	17%
♦ Middle Yangtze River / Hunan and Hubei	129.5	8%
♦ Sichuan and Chongqing	55.7	3%
<b>Other pocket areas<sup>1</sup></b>		
♦ Henan	93.1	6%
♦ Hainan	76.5	5%
♦ Fujian	33.4	2%
♦ others	249.6	14%
<b>Total</b>	<b>1,669.8</b>	<b>100%</b>

As at 30 June 2020, among the salable resources, 98% are in regions with population of over 0.5 million; 93% are in regions featuring immigration; 73% are in top-five city clusters

## Notes:

1. Pocket areas include provinces with high population density and net population inflow like Fujian, Hainan and Henan.
2. Salable resources refer to figures As at 30 Jun 2020. Number of population migration are calculated in accordance with data from *Wind* and statistics on permanent residents of the city from China Urban-Rural Construction Statistical Yearbook issued by the Ministry of Housing and Urban-Rural Development

# Projects in tier 3&4 cities tend to yield higher return on investment

Adjusted equity multiple (projects launched in tier 3&4 cities since 2017)					
Province	12 months after acquisition	18 months after acquisition	Province	12 months after acquisition	18 months after acquisition
Anhui	0.82	1.38	Jiangxi	0.90	1.54
Fujian	0.53	1.03	Liaoning	1.68	2.50
Gansu	1.11	1.56	Inner Mongolia	1.06	5.14
Guangdong	0.37	0.81	Ningxia	1.82	2.96
Guangxi	0.97	1.83	Qinghai	2.61	4.24
Guizhou	2.40	3.75	Shandong	1.13	1.77
Hainan	0.34	0.63	Shanxi	0.75	1.87
Hebei	0.91	1.45	Shaanxi	0.78	1.40
Henan	0.73	1.46	Sichuan	0.68	1.54
Hubei	0.85	1.62	Yunnan	0.64	1.23
Hunan	1.17	1.72	Zhejiang	0.55	1.17
Jilin	1.90	4.71	Chongqing city	0.67	1.61
Jiangsu	0.57	1.04			
The company (Weighted average)		1.28			

As at 30 June 2020, the average equity multiple at the property projects acquired by COGARD in tier 3&4 cities for 18 months is 1.28, compared with that of 0.73 more or less for the property projects acquired by its peers in tier 1&2 cities.

Note:

1. Adjusted equity multiple=Cumulative attri. sales/Attri. land investment

# Inventory status of COGARD's portfolio in tier 3&4 cities : Most in short of supplies or in a healthy level

We monitor the following four types of inventories and average GFA consumption of a city:.	
Type I	Unsold GFA with sales permit
Type II	GFA under construction yet to obtain sales permit
Type III	GFA acquired but yet to start construction
Type IV	Potential GFA supply from government. in the next 12 months
S	Average GFA sold per month in the last 18 months
T	Average time taken from acquisition to launch

Supply and demand Status of COGARD's tier 3&4 cities				
	Inventory status	Shortfall (I+II+III+IV-S*T)/S≤12	Healthy (between shortfall and oversupplied)	Oversupplied (I+II+III+IV-S*T)/S>24
Located in tier 3&4 cities	Numbers of cities	62	132	34
	Percentage	27%	58%	15%
	Attributable salable resources as of 30 June 2020 ( bn)	244.0	575.7	156.1
	Percentage of salable resources	25%	59%	16%

Of the tier 3&4 cities where COGARD already has business presence, 85% are those where housing is in short supply or where supply nearly matches the demand. The value of the salable resources attributable to COGARD's equity stakes in such cities also accounts for 84% of COCARD's total in tier 3&4 cities.

Note:

1. The above data was obtained as of 30 June 2020.

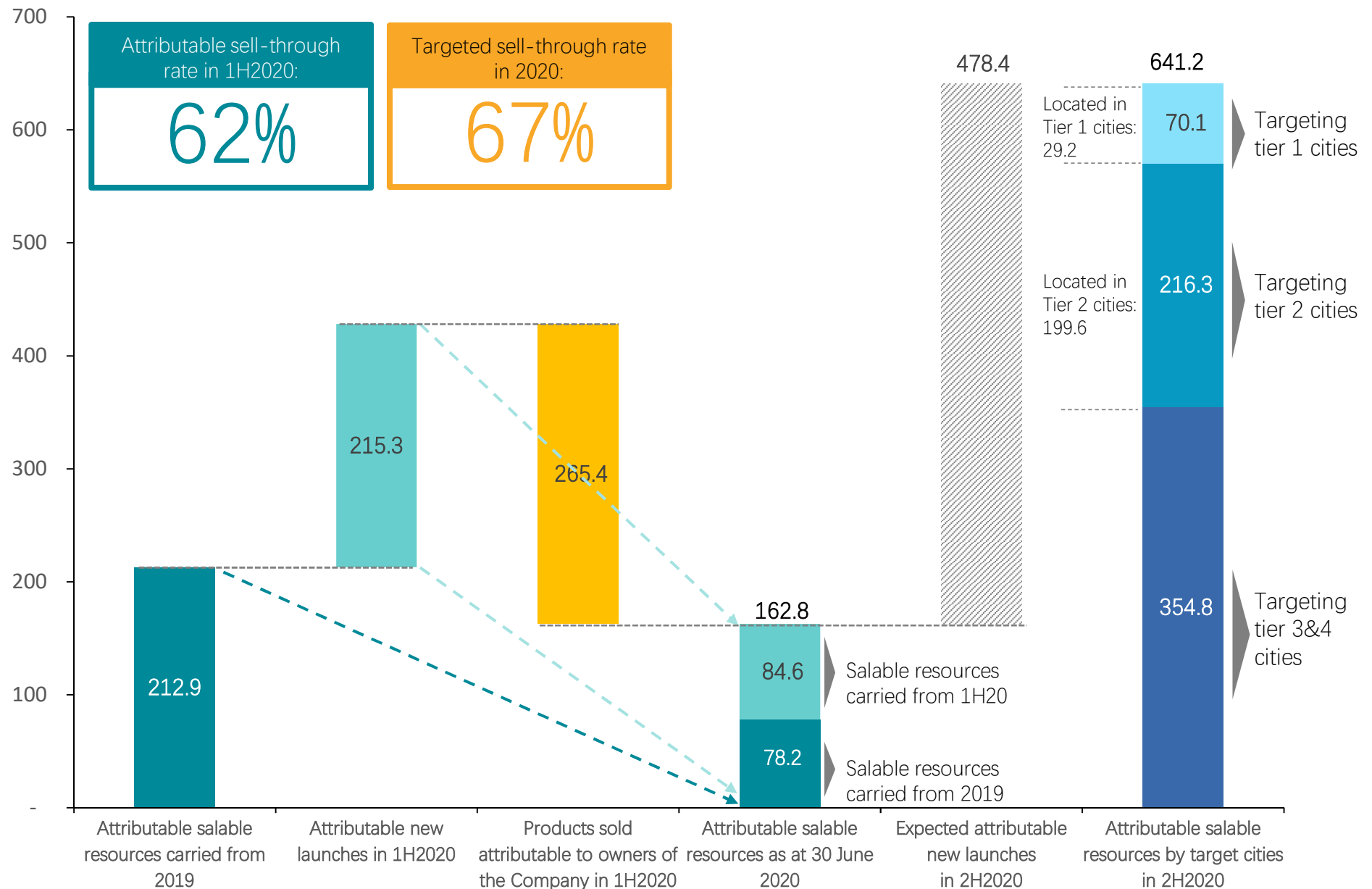


# sufficient salable resources

attributable salable resources in 2H2020  
reached RMB641.2 billion

# Attributable salable resources in Mainland China in 2020

Attributable salable resources<sup>1</sup> in Mainland China (RMB billion)



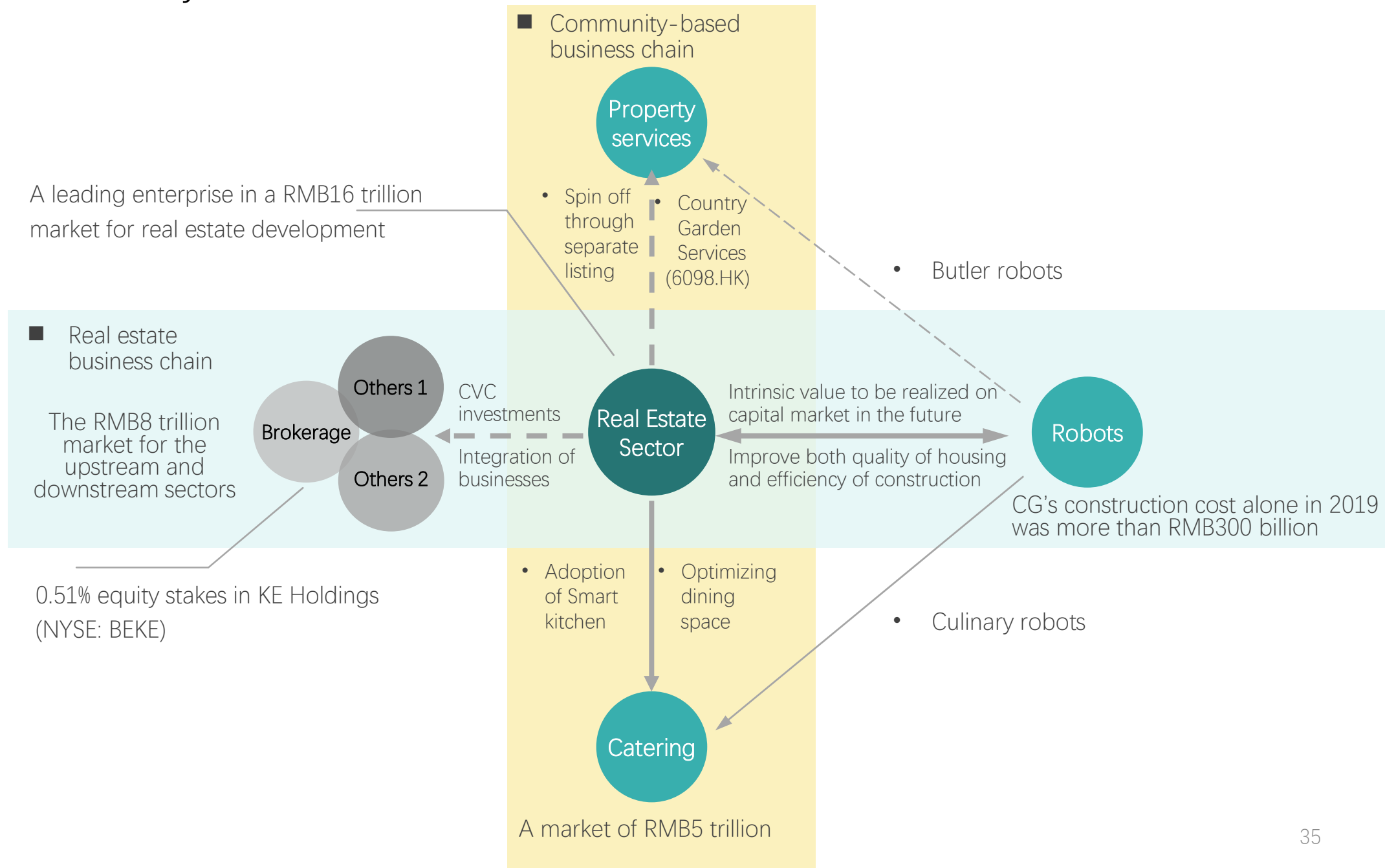
Note:

- Attributable salable resources are estimated by calculating expected ASP, expected GFA and attributable ratio. Completed but unsold or under construction unsold units with sales permit are also included in attributable salable resources.

# Entering other trillion dollar markets by CVC investments along the business chains

further enhance the group's competitiveness

# Building an internal circulation along the property value chains, enhancing overall competitiveness with technology and entering other trillion dollar markets by CVC investments



# construction robots

to be a global leading robotic service provider  
on specialized robots

# Develop robotic business to promote industrial innovation

## Technology Innovation

- Integrated robotics R&D, manufacturing and application capabilities
- Combined robotics with prefabricated technology and Building Information Modeling (“BIM”)

## Technical Support

- Establish 5 major research institutes
- A total of 3,600 talents in R&D team, over 29% with doctoral or master degree
- Applied for 2,314 patents accumulatively and being granted 567 patents

## Capital Investment

- Following on-going R&D achievements, R&D expenses amounted to RMB1.03 billion in 1H2020. Further investment will be made subject to actual process

## Business Progress

- Robots for construction: 50 products are under research, with 35 of them having entered the on-site testing stage to fill the gap in industry supply
- Robots for healthcare: 4 products are under research, with 4 registration application, 2 entered in clinical trial
- Core component and software: 28 core components and software are in development, some are in small batch production
- Software and smart terminals: 6 items were being developed, 7 systems were completed, Some of such systems were adopted in a number of property projects under construction
- Smart construction system: establish new construction material production lines to promote the coordinated development of new construction methods and construction robotics



# robots for culinary

engaging in the most advanced form of catering business

# Providing solutions for the upgrade to smart catering service

## Advantages



### Business Situation

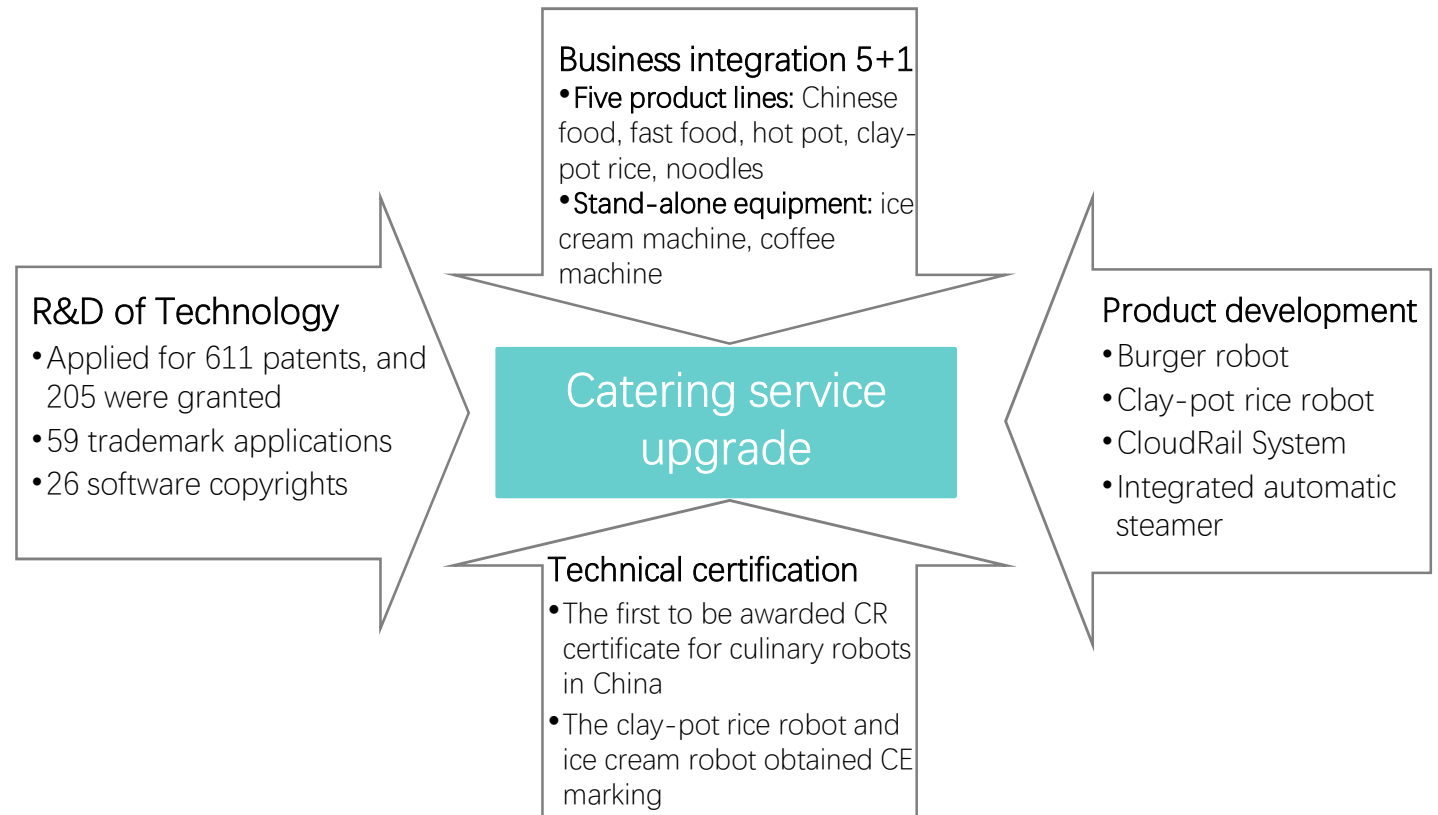
- 6 restaurants in operation



### Strong R&D capability

- A R&D team of 300, in which 80% of staffs have doctoral or master degrees
- Top talents in the industry joined the R&D team, including 12 experts

## Business Model



### Setting the industry standard

- Participated in the formulation and launching of the first industry standard of food robots "Technical Specifications for Safety Certification of Robot Systems in the Field of Food Industry"
- **Progress made:** 61 prototypes under development, of which the robots for serving clay-pot rice and ice cream are in mass-production; the coffee machines and burger machines are in small batch production.
- **Scale of Factory:** The 50,000-sq.m. assembly plant has been put into operation; the 40 60,000-sq.m. central kitchen is under construction.

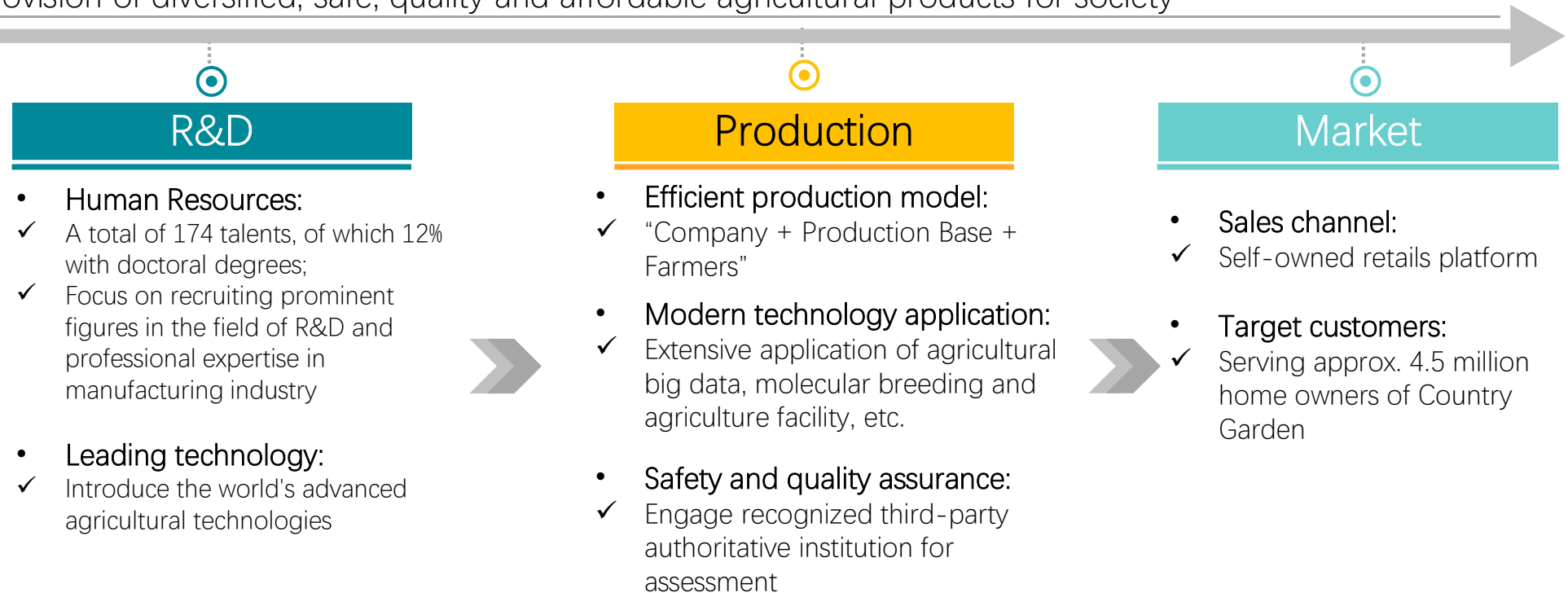


# modern agriculture

establish an international high-tech agriculture platform  
to provide comprehensive solutions for modern agriculture

# Integrate technology with agriculture to establish modern agriculture business with global competitiveness

Develop an omni agricultural industry chain to be a service provider of modern agricultural solutions, for the provision of diversified, safe, quality and affordable agricultural products for society



go above and beyond  
with prudence

Thank you for your confidence and support in Country Garden!