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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 2020

FINANCIAL HIGHLIGHTS

- For the year ended 31 December 2020, the Group together with its joint ventures and associates achieved contracted sales attributable to the shareholders of the Company of approximately RMB570.66 billion with contracted sales GFA attributable to the shareholders of the Company of approximately 67.33 million sq.m., representing a year-on-year increase of 3.3% and 8.0% respectively.
- For the year of 2020, the Group's cash collected from attributable contracted sales amounted to approximately RMB519.30 billion with cash collection ratio of 91%.
- For the year of 2020, the Group recorded total revenue of approximately RMB462.86 billion, gross profit of approximately RMB100.91 billion, net profit of approximately RMB54.12 billion and the net profit attributable to the owners of the Company of approximately RMB35.02 billion.
- During the year, the Group's selling and marketing costs and administrative expenses decreased by 18.4% year on year to approximately RMB27.67 billion.
- As at 31 December 2020, the Group's net gearing ratio was 55.6%, total debt decreased by 11.7% to approximately RMB326.49 billion comparing with that as at 31 December 2019, and as at 31 December 2020, the weighted average borrowing cost of the Group's total debt decreased by 78 basic points to 5.56% comparing with that as at 31 December 2019.
- The Board recommended payment of a final dividend of RMB24.98 cents per share (the shareholders may choose to receive dividends in cash and/or in shares). The total annual dividends reached RMB45.53 cents per share, equaling to 31.0% of the core net profit attributable to the owners of the Company¹.

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 foreign exchange gains/losses, net losses on early redemption of senior notes and convertible bonds and changes in fair value of financial instruments.

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 2020.

BUSINESS REVIEW AND OUTLOOK

With honor comes responsibility

2020 will go down in history as a year of extraordinary circumstances.

While the whole world was ravaged by the novel coronavirus pneumonia pandemic, China became the first country to have brought the disease under control. This is due to the concerted effort of the whole nation under the wise leadership of the Chinese Communist Party. To aid our country in this smokeless war, we promptly donated RMB200 million to set up an anti-pandemic fund, which sourced scarce medical supplies and equipment worldwide and procured 1,800 tons of poverty alleviation materials from 48 counties in 18 provinces in China and then sent them to the front line. Country Garden also arranged for its own medical personnel to join the auxiliary medical team that aided Hubei. We took an all-out effort to help fight the pandemic.

On the other front where we have been fighting poverty, we also won a total victory in 2020 as China accomplished the formidable task of eradicating absolute poverty. This is a great feat that has never been achieved until now in the Chinese people’s history of 5,000 years. Glory to the Chinese Communist Party! The Group and the chairman of the Board Mr. Yeung Kwok Keung and his family founded Zhongming Fellowship for College Students in 1997 and Guohua Memorial Middle School in 2002 and have since then built a 200-strong team assigned to eradicate poverty. The Group has carried out its poverty alleviation work in 57 counties in 16 provinces, donating RMB8.7 billion to charity and helping to lift 490,000 people out of poverty. Country Garden’s mission to make life better keeps evolving, from aiding people to fight poverty into promoting the rural revitalization. Looking ahead, we will keep on contributing to the rural revitalization by leveraging the well-established agricultural produce distribution network of Biyouxuan Commercial Co., Ltd, which cooperates with farmers in far-flung areas on delivering their quality produce to cities and townships through modern agriculture.

Solid foundation with a strategic vision

China’s urbanization still has a long way to go because the desire for a happy life will keep motivating an enormous amount of the rural population to move to urbanized counties and townships with diverse amenities in the future. To meet the need for livelihood as a way to contribute to China’s urbanization and modernization, we will continue to spearhead the country’s urbanization by building quality housing that comes complete with tastefully decorated flats of well-designed layout, green space and property management for the centuries to come.

In 2020, the Company pressed ahead with a prudent approach to business operation and the strategy resulted in steady progress towards success. For the year ended 31 December 2020 (the “**Year**”), the Group and its joint ventures and associates together recorded approximately RMB570.66 billion in contracted sales attributable to the shareholders of the Company. As of 31 December 2020,

the Group had gained footholds in 289 cities and 1,350 counties/townships in 31 provinces/autonomous regions/municipalities in mainland China. Pursuing the strategy of developing further markets of the urban areas, the Group and its joint ventures and associates together acquired new lands for a total attributable cost of RMB209.2 billion, with 75% of the lands acquired in the five biggest metropolitan areas in mainland China. The premium land bank will be able to reinforce the Company's steady performance in its future financial results. During the Year, the Group recorded revenue of approximately RMB462.86 billion, gross profit of approximately RMB100.91 billion, net profit of approximately RMB54.12 billion and approximately RMB35.02 billion in net profit attributable to the owners of the Company. The Company has made it to the Fortune Global 500 List for four consecutive years since 2017 and it has improved its ranking significantly in the list to 147th this year, up by 30 places compared with that in 2019. Country Garden also ranked first among the world's property developers on that list.

The Company has been well recognized by credit rating agencies for its good operating performance and prudent financial management. In 2020, Moody's raised the ratings on the Company as an issuer and on its senior unsecured bonds to "investment-grade" while S&P Global Ratings upgraded the outlook of the Company's long-term issuer credit rating to "positive". This helped the Company lower its borrowing cost and attract more investors. During the Year, the controlling shareholder increased its holding in the Company 34 times, by a total of 339 million shares, which accounted for 1.54% of the total issued share capital. This reflected its confidence about the Company's prospect and its recognition of the enterprise value.

An entrepreneurial journey with a mission

Technology has been driving social progress inexorably, ushering in a golden era of humanity's development. Country Garden will develop to a hi-tech conglomerate with the mission of contributing to social progress and making life better for humanity. In the past two years, Country Garden's wholly-owned subsidiary, Guangdong Bright Dream Robotics Co., Ltd., has been developing and manufacturing construction robots, engaging in industrialized construction of residential properties and exploring more ways to integrate such robots into the process. The subsidiary has also built an internet platform for construction industry with building information modeling (BIM) and digitalization, thus creating a smart construction system that covers the property projects' entire life cycle and facilitating the upgrading of the industry with industrialized construction, digitalization and smart technology. To develop key products and crucial technologies, the Company recruited and fostered 7,200 outstanding researchers and developers at home and abroad. We applied for 2,997 patents and 956 patents were granted. The Company now has 46 types of construction robots in the pipeline, and has put up 4 types of them for sales or rental. 14 types of its construction robots have been deployed to construction projects on a large scale, which surpassed manual labour in safety, quality of work and efficiency by a wide margin. Technological progress has been so great that building homes with robots is no longer a remote prospect but a change which is set to gain traction in the industry.

Another hi-tech business of Country Garden that is also developing rapidly is the Qianxi Robot Restaurants which are operated by the Company's subsidiary Qianxi Robotics Group Co., Ltd. 70 Qianxi Robot Restaurants have been opened with 583 machines of various types put into operation. In 2020, we applied for 883 patents on such catering robots and 411 patents were granted. The Qianxi Robot Restaurants' next move is to open more restaurant chains of five well-developed types

of operation, namely those that serve Chinese cuisine, fast food, hotpots, claypot rice and noodles in the Greater Bay Area and even nationwide, making the tasty and convenient meals widely available to consumers.

In the past year, Country Garden also made substantial progress in its business of modern agriculture. We applied the unmanned vehicle technology to farming machines and tractors, and succeeded in setting up and operating the world's first unmanned farm that covered more than 10,000 mu in area as an experimental project. This can make the once remote dream of developing large-scale, unmanned farms all over the world realizable and we hope this can solve the problem of food shortages.

Country Garden consists of people who are working passionately for social progress. We will remain committed to our original aspirations and pursuit of excellence, creating value for the shareholders and society at large.

The road ahead is long; striving is the only way forward!

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
	Note	2020 <i>RMB million</i>	2019 <i>RMB million</i>
Non-current assets			
Property, plant and equipment		26,345	24,240
Investment properties		15,659	12,923
Intangible assets		1,423	745
Right-of-use assets		4,858	4,447
Properties under development		106,696	134,150
Investments in joint ventures		41,011	34,954
Investments in associates		22,430	17,159
Financial assets at fair value through other comprehensive income		3,985	3,282
Derivative financial instruments		812	2,648
Trade and other receivables	3	13,968	14,056
Deferred income tax assets		36,466	27,031
		<u>273,653</u>	<u>275,635</u>
Current assets			
Properties under development		1,034,664	810,300
Completed properties held for sale		49,587	45,781
Inventories		10,907	11,781
Trade and other receivables	3	410,937	438,195
Contract assets and contract acquisition costs		21,960	24,020
Prepaid income tax		23,781	24,712
Restricted cash		16,470	19,363
Cash and cash equivalents		167,153	248,985
Financial assets at fair value through profit or loss		6,596	7,933
Derivative financial instruments		101	447
		<u>1,742,156</u>	<u>1,631,517</u>
Current liabilities			
Contract liabilities		695,614	646,996
Trade and other payables	4	660,293	594,548
Receipts under securitisation arrangements		–	279
Current income tax liabilities		39,519	40,367
Senior notes	5	2,219	7,343
Corporate bonds	6	25,784	28,850
Convertible bonds	7	20	22
Bank and other borrowings		68,218	80,057
Lease liabilities		208	258
Derivative financial instruments		1,084	32
		<u>1,492,959</u>	<u>1,398,752</u>
Net current assets		<u>249,197</u>	<u>232,765</u>
Total assets less current liabilities		<u>522,850</u>	<u>508,400</u>

		As at 31 December	
	<i>Note</i>	2020	2019
		RMB million	<i>RMB million</i>
Non-current liabilities			
Senior notes	5	71,191	57,550
Corporate bonds	6	14,696	17,550
Convertible bonds	7	5,252	5,495
Bank and other borrowings		139,105	172,736
Lease liabilities		447	651
Deferred government grants		152	215
Deferred income tax liabilities		32,472	32,763
Derivative financial instruments		2,532	2,832
		<u>265,847</u>	<u>289,792</u>
Equity attributable to owners of the Company			
Share capital and premium	8	31,495	29,751
Other reserves		17,457	12,472
Retained earnings		126,150	109,716
		<u>175,102</u>	<u>151,939</u>
Non-controlling interests		<u>81,901</u>	<u>66,669</u>
Total equity		<u>257,003</u>	<u>218,608</u>
Total equity and non-current liabilities		<u><u>522,850</u></u>	<u><u>508,400</u></u>

CONSOLIDATED INCOME STATEMENT

	Note	Year ended 31 December	
		2020 RMB million	2019 RMB million
Revenue	2	462,856	485,908
Cost of sales		(361,951)	(359,271)
Gross profit		100,905	126,637
Other income and gains — net	9	2,816	3,288
Gains arising from changes in fair value of and transfer to investment properties		13	126
Selling and marketing costs		(13,752)	(16,365)
Administrative expenses		(13,919)	(17,538)
Research and development expenses		(2,649)	(1,973)
Net impairment losses on financial and contract assets		(1,449)	(1,515)
Operating profit		71,965	92,660
Finance income	10	7,344	2,371
Finance costs	10	(38)	(1,200)
Finance income — net	10	7,306	1,171
Share of results of joint ventures and associates		6,258	5,108
Profit before income tax		85,529	98,939
Income tax expenses	11	(31,411)	(37,737)
Profit for the year		54,118	61,202
Profit attributable to:			
— Owners of the Company		35,022	39,550
— Non-controlling interests		19,096	21,652
		54,118	61,202
Earnings per share attributable to owners of the Company (expressed in RMB yuan per share)			
Basic	13	1.62	1.85
Diluted	13	1.57	1.79
Dividends			
Interim dividend paid	12	4,528	4,953
Final dividend proposed	12	5,504	7,492

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2020 <i>RMB million</i>	2019 <i>RMB million</i>
Profit for the year	54,118	61,202
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	826	195
— 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 on cash flow hedges	(115)	(36)
— Deferred gains of hedging	843	487
— Currency translation differences	(753)	(565)
Total other comprehensive income for the year, net of tax	801	172
Total comprehensive income for the year	54,919	61,374
Total comprehensive income attributable to:		
— Owners of the Company	35,925	39,749
— Non-controlling interests	18,994	21,625
	54,919	61,374

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Change in accounting policies and disclosures

(a) New and amended standards 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 2020:

- Definition of Material — Amendments to HKAS 1 and HKAS 8
- Definition of a Business — Amendments to HKFRS 3
- Interest Rate Benchmark Reform — Amendments to HKAS 39, HKFRS 9 and HKFRS 7
- Revised Conceptual Framework for Financial Reporting

The Group also elected to adopt the following amendment early:

- COVID-19-Related Rent Concessions — Amendment to HKFRS 16

The amendment listed above did not have a material impact on the amounts recognised in prior periods and is not expected to significantly affect the current or future periods.

(b) New, amended standards and interpretations not yet adopted

Except for the Amendment to HKFRS 16 which become effective this period, new and amended standards and interpretations to existing standards that have been issued and relevant to the Group but are not effective for the financial year beginning on 1 January 2020 and have not been early adopted:

		Effective for the financial year beginning on or after
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest rate benchmark reform — phase 2	1 January 2021
Amendments to HKAS 16	Property, plant and equipment — proceeds before intended use	1 January 2022
Amendments to HKAS 37	Onerous contracts — cost of fulfilling a contract	1 January 2022
Amendments to HKFRS 3	Reference to the conceptual framework	1 January 2022
Annual Improvements	Annual improvements to HKFRS Standards 2018–2020 cycle	1 January 2022
Amendments to HKAS 1	Classification of liabilities as current or non-current	1 January 2023
Hong Kong Interpretation 5 (2020)	Presentation of financial statements — classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2023
HKFRS 17	Insurance contracts	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The above new and amended standards and interpretations to existing standards are effective for annual periods beginning after 1 January 2021 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 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. The Others segment mainly includes property investment, hotel operation, smart construction, robotic catering, new retail, modern agriculture and other businesses which are individually and collectively insignificant for segment reporting purposes.

In 2020, the Group began to include the financial assets at fair value through other comprehensive income ("FVOCI") and financial assets at fair value through profit or loss ("FVTPL") into the segment assets. The segment information below at 31 December 2019 has been revised so that the segment disclosures are comparable.

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, investment properties, financial assets at FVOCI, financial assets at FVTPL, 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 derivative financial instruments and deferred income tax assets. 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, excluding those arising from business combinations.

Revenue consists of the following:

	2020 <i>RMB million</i>	2019 <i>RMB million</i>
Sales of properties	449,341	475,012
Rendering of construction services	8,779	6,219
Rental income	526	412
Rendering of hotel services and others	4,210	4,265
	<u>462,856</u>	<u>485,908</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 2020 is as follows:

	Property development RMB million	Construction RMB million	Others RMB million	Total RMB million
Revenue from contracts with customers	449,341	51,806	26,836	527,983
— Recognised at a point in time	357,274	—	25,375	382,649
— Recognised over time	92,067	51,806	1,461	145,334
Revenue from other source				
— Rental income	—	—	537	537
Segment revenue	449,341	51,806	27,373	528,520
Inter-segment revenue	—	(43,027)	(22,637)	(65,664)
Revenue from external customers	449,341	8,779	4,736	462,856
Share of results of joint ventures and associates	6,335	—	(77)	6,258
Gains arising from changes in fair value of and transfer to investment properties	—	—	13	13
Depreciation and amortisation expenses of property, plant and equipment, intangible assets and right-of-use assets	830	53	1,184	2,067
Net impairment losses on financial and contract assets	1,339	24	86	1,449
Segment results	<u>79,977</u>	<u>385</u>	<u>(1,651)</u>	<u>78,711</u>
At 31 December 2020				
Total segment assets after elimination of inter-segment balances	<u>1,828,224</u>	<u>32,884</u>	<u>117,322</u>	<u>1,978,430</u>
Investments in joint ventures and associates	<u>63,244</u>	<u>—</u>	<u>197</u>	<u>63,441</u>
Capital expenditure	<u>994</u>	<u>290</u>	<u>3,883</u>	<u>5,167</u>
Total segment liabilities after elimination of inter-segment balances	<u>1,241,088</u>	<u>31,988</u>	<u>83,638</u>	<u>1,356,714</u>

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 <i>RMB million</i>	Construction <i>RMB million</i>	Others <i>RMB million</i>	Total <i>RMB million</i>
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	1,721,377	37,801	117,848	1,877,026
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

3 Trade and other receivables

	2020 <i>RMB million</i>	2019 <i>RMB million</i>
Included in current assets		
— Trade receivables — net (<i>note (a)</i>)	35,742	39,863
— Other receivables — net (<i>note (b)</i>)	272,910	296,884
— Loans to third parties — net	11	14
— Prepayments for land (<i>note (c)</i>)	67,009	49,597
— Other prepayments (<i>note (d)</i>)	35,265	51,837
	<u>410,937</u>	<u>438,195</u>
Included in non-current assets		
— Deposits for acquisitions of companies	13,968	14,056
	<u>424,905</u>	<u>452,251</u>

As at 31 December 2020, the carrying value of trade and other receivables approximated their fair value.

(a) Details of trade receivables are as follows:

	2020 <i>RMB million</i>	2019 <i>RMB million</i>
Trade receivables	35,955	40,034
Less: allowance for impairment	(213)	(171)
	<u>35,742</u>	<u>39,863</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:

	2020 <i>RMB million</i>	2019 <i>RMB million</i>
Within 90 days	30,238	35,156
Over 90 days and within 180 days	2,593	2,558
Over 180 days and within 365 days	2,542	1,665
Over 365 days	582	655
	<u>35,955</u>	<u>40,034</u>

As at 31 December 2020 and 2019, 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 2020, a provision of RMB213 million (2019: RMB171 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:

	2020 <i>RMB million</i>	2019 <i>RMB million</i>
Amounts due from joint ventures, associates and other related parties	99,506	114,474
Land auction and other deposits	9,106	14,357
Others (i)	<u>169,088</u>	<u>171,436</u>
	277,700	300,267
Less: allowance for impairment	<u>(4,790)</u>	<u>(3,383)</u>
Other receivables — net	<u><u>272,910</u></u>	<u><u>296,884</u></u>

(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 2020.

(d) Other prepayments mainly included prepaid value-added taxes and prepayments for purchases of construction materials and services.

4 Trade and other payables

	2020 <i>RMB million</i>	2019 <i>RMB million</i>
Trade payables (<i>note (a)</i>)	389,384	329,305
Other payables (<i>note (b)</i>)	211,768	203,467
Other taxes payable (<i>note (c)</i>)	49,275	51,427
Salaries payable	<u>9,866</u>	<u>10,349</u>
	<u><u>660,293</u></u>	<u><u>594,548</u></u>

As at 31 December 2020, 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:

	2020 <i>RMB million</i>	2019 <i>RMB million</i>
Within 90 days	325,453	274,669
Over 90 days and within 180 days	52,330	43,438
Over 180 days and within 365 days	7,449	7,273
Over 365 days	<u>4,152</u>	<u>3,925</u>
	<u><u>389,384</u></u>	<u><u>329,305</u></u>

(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.

(c) Other taxes payable mainly included output value-added taxes related to receipt in advance from customers, value-added taxes payable and other taxes.

5 Senior notes

	2020 <i>RMB million</i>	2019 <i>RMB million</i>
At 1 January	64,893	41,716
Additions (<i>note (a)</i>)	24,131	23,081
Early redemption (<i>note (a)</i>)	(5,151)	–
Repayment on maturity (<i>note (a)</i>)	(6,233)	(1,723)
Interest expenses	4,398	3,909
Coupon interest paid	(3,735)	(3,361)
Currency translation differences	(4,893)	1,271
	<hr/>	<hr/>
At 31 December	73,410	64,893
Less: current portion included in current liabilities	(2,219)	(7,343)
	<hr/>	<hr/>
Included in non-current liabilities	<u>71,191</u>	<u>57,550</u>

(a) During the year ended 31 December 2020, changes of the Group's senior notes were as follows:

Name of notes	Par value <i>USD million</i>	Interest rate	Issue date	Term of the notes
Issued during the year:				
2027 Notes	550	5.125%	14 January 2020	7 years
2030 Notes	450	5.625%	14 January 2020	10 years
2025 Notes III	544	5.400%	27 May 2020	5 years
2026 Notes III	500	4.200%	6 August 2020	5.5 years
2030 Notes II	500	4.800%	6 August 2020	10 years
2025 Notes IV	500	3.125%	22 October 2020	5 years
2030 Notes III	500	3.875%	22 October 2020	10 years
Repaid during the year on maturity or before maturity:				
2020 Notes	900	7.500%	9 March 2015	5 years
2021 Notes	750	7.250%	4 October 2013	7.5 years

6 Corporate bonds

	2020 <i>RMB million</i>	2019 <i>RMB million</i>
At 1 January	46,400	41,908
Additions (<i>note (a)</i>)	22,155	11,743
Repayment	(28,039)	(7,650)
Interest expenses	2,723	2,928
Coupon interest paid	(2,691)	(2,566)
Currency translation differences	(68)	37
	<hr/>	<hr/>
At 31 December	40,480	46,400
Less: current portion included in current liabilities	(25,784)	(28,850)
	<hr/>	<hr/>
Included in non-current liabilities	<u>14,696</u>	<u>17,550</u>

(a) During the year ended 31 December 2020, corporate bonds newly issued or refinanced by the Group were listed as follows:

Name of bond	Par value <i>RMB million</i>	Interest rate	Issue date	Term of the bond
RM Private Corporate bonds of Country Garden Real Estate Sdn. Bhd. (“ Malaysia Country Garden ”) issued in 2020 — tranche V	166	5.70%	2 March 2020	7 years
RM Private Corporate bonds of Malaysia Country Garden issued in 2020 — tranche VI	166	4.75%	2 March 2020	1 year
RM Private Corporate bonds of Malaysia Country Garden issued in 2020 — tranche VII	481	5.25%	27 March 2020	5 years
RMB Ultra-short-term financing bonds of Guangdong Giant Leap Construction Co., Ltd. (“ Giant Leap ”) issued in 2020 — tranche I	200	3.00%	23 April 2020	270 days
RMB Private Corporate bonds of Giant Leap issued in 2019 — tranche I*	1,765	4.30%	26 April 2020	1 year
RMB Ultra-short-term financing bonds of Giant Leap issued in 2020 — tranche II	2,000	3.94%	28 July 2020	270 days
RMB Ultra-short-term financing bonds of Giant Leap issued in 2020 — tranche III	800	3.62%	19 August 2020	270 days
RMB Corporate bonds of Giant Leap issued in 2020 — tranche I	2,000	4.28%	15 September 2020	4 years
RMB Corporate bonds of Giant Leap issued in 2020 — tranche II	2,000	4.64%	23 November 2020	4 years

Name of bond	Par value RMB million	Interest rate	Issue date	Term of the bond
RMB Corporate bonds of Country Garden Property Co., Ltd. (“Country Garden Property”) issued in 2020 — tranche I	3,400	4.20%	1 April 2020	5 years
RMB Corporate bonds of Country Garden Property issued in 2020 — tranche II	1,360	4.19%	7 July 2020	5 years
RMB Corporate bonds of Country Garden Property issued in 2020 — tranche III	2,000	4.38%	24 September 2020	5 years
RMB Corporate bonds of Country Garden Property issued in 2020 — tranche IV	1,778	4.15%	3 November 2020	5 years
RMB Private Corporate bonds of Country Garden Property issued in 2018 — tranche I*	318	6.60%	16 November 2020	1 year
RMB Corporate bonds tranche I of the Company issued in 2016*	3,775	6.30%	2 March 2020	1 year

* Refinanced during the year

7 Convertible bonds

	2020 RMB million	2019 RMB million
Liability component as at 1 January	5,517	13,168
Early redemption	(223)	–
Redemption	–	(7,869)
Interest expenses	595	628
Coupon interest paid	(304)	(373)
Currency translation differences	(313)	(37)
	<u>5,272</u>	<u>5,517</u>
Less: current portion included in current liabilities	(20)	(22)
	<u>5,252</u>	<u>5,495</u>

On 21 November 2018, the Group entered into a subscription agreement for HKD-settled convertible bonds in an aggregate principal amount of HKD7,830 million (equivalent to approximately RMB6,868 million) due 5 December 2023 (the “2023 Convertible Bonds”).

As at 31 December 2020, there has been no conversion of the 2023 Convertible Bonds. The Group partially redeemed the 2023 Convertible Bonds in the aggregate amount of HKD306 million during 2020. The loss on the early redemption was approximately RMB22 million.

8 Share capital and premium

	Number of ordinary shares <i>million</i>	Nominal value of ordinary shares <i>HKD million</i>	Equivalent nominal value of ordinary shares <i>RMB million</i>	Share premium <i>RMB million</i>	Total <i>RMB million</i>	Treasury shares <i>RMB million</i>	Group total <i>RMB million</i>
Authorised							
At 1 January 2019, 31 December 2019 and 2020, HKD0.10 per share	100,000	10,000					
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 as a result of scrip dividend	221	22	20	2,028	2,048	–	2,048
Exercise of employee share schemes	14	2	1	143	144	–	144
Buy-back of shares	–	–	–	–	–	(322)	(322)
Cancellation of shares	(36)	(4)	(3)	(319)	(322)	322	–
At 31 December 2019	21,845	2,184	2,050	30,053	32,103	(2,352)	29,751
Issued and fully paid							
At 1 January 2020	21,845	2,184	2,050	30,053	32,103	(2,352)	29,751
Issue of shares as a result of scrip dividend (note 12)	162	16	15	1,451	1,466	–	1,466
Exercise of employee share schemes	28	3	2	183	185	93	278
At 31 December 2020	22,035	2,203	2,067	31,687	33,754	(2,259)	31,495

9 Other income and gains — net

	2020 <i>RMB million</i>	2019 <i>RMB million</i>
Other income		
— Management and other related service income	1,064	733
— Forfeiture income	148	127
— Government subsidy income	390	326
	<u>1,602</u>	<u>1,186</u>
Other gains		
— Gains arising from negative goodwill	856	655
— Changes in fair value of derivative financial instruments	(488)	308
— Gains on disposals of subsidiaries	849	967
— Gains on disposals of property, plant and equipment	37	72
— Others	(40)	100
	<u>1,214</u>	<u>2,102</u>
Total other income and gains — net	<u><u>2,816</u></u>	<u><u>3,288</u></u>

10 Finance income — net

	2020 <i>RMB million</i>	2019 <i>RMB million</i>
Finance income:		
— Interest income on bank deposits and others	4,102	2,371
— Net foreign exchange gains	3,242	—
	<u>7,344</u>	<u>2,371</u>
Finance costs:		
— Interest expenses for bank borrowings, senior notes, corporate bonds and others	(23,229)	(24,426)
— Interest expenses for lease liabilities	(49)	(63)
	<u>(23,278)</u>	<u>(24,489)</u>
Less: amounts capitalised on qualifying assets	<u>23,278</u>	<u>24,489</u>
	<u>—</u>	<u>—</u>
— Net foreign exchange losses	—	(1,200)
— Net losses on early redemption of senior notes and convertible bonds	(38)	—
	<u>(38)</u>	<u>(1,200)</u>
Finance income — net	<u><u>7,306</u></u>	<u><u>1,171</u></u>

11 Income tax expenses

	2020 <i>RMB million</i>	2019 <i>RMB million</i>
Current income tax		
— Corporate income tax	28,331	31,373
— Land appreciation tax	15,926	16,424
	<u>44,257</u>	<u>47,797</u>
Deferred income tax	(12,846)	(10,060)
	<u><u>31,411</u></u>	<u><u>37,737</u></u>

12 Dividends

	2020 <i>RMB million</i>	2019 <i>RMB million</i>
Proposed final dividend of RMB24.98 cents (2019: RMB34.25 cents) per share	5,504	7,492
Interim dividend of RMB20.55 cents (2019: RMB22.87 cents) per share	4,528	4,953
	<u><u>10,032</u></u>	<u><u>12,445</u></u>

The final dividend in respect of 2019 of RMB34.25 cents (equivalent to HKD37.28 cents) per share was approved in the Annual General Meeting of the Company on 21 May 2020. The final dividend totalling RMB7,492 million has been paid partly in new shares of the Company and partly in cash in August 2020. The number of ordinary shares settled and issued as scrip dividends was 162,334,185 and the total amount of dividend paid as scrip dividends was RMB1,466 million while cash dividend amounted to RMB6,026 million.

On 25 August 2020, the Board declared an interim dividend of RMB20.55 cents per share in the form of cash for the six months ended 30 June 2020, totalling RMB4,528 million (2019 interim dividend: RMB22.87 cents per share, totalling RMB4,953 million). The interim dividend has been paid in cash in November 2020.

The Board of Directors recommended the payment of a 2020 final dividend of RMB24.98 cents per share, totalling RMB5,504 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.

13 Earnings per share

(a) Basic

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

	2020	2019
Profit attributable to owners of the Company (RMB million)	35,022	39,550
Weighted average number of ordinary shares in issue (million)	<u>21,641</u>	<u>21,375</u>
Earnings per share — Basic (RMB yuan per share)	<u>1.62</u>	<u>1.85</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 years ended 31 December 2019 and 2020.

	2020	2019
Profit attributable to owners of the Company (RMB million)	35,022	39,550
Interest expense on convertible bonds (RMB million)	<u>46</u>	<u>—</u>
Profit attributable to owners of the Company used to determine diluted earnings per share (RMB million)	<u>35,068</u>	<u>39,550</u>
Weighted average number of ordinary shares in issue (million)	21,641	21,375
Adjustments — share options, awarded shares and convertible bonds (million)	<u>730</u>	<u>704</u>
Weighted average number of ordinary shares for diluted earnings per share (million)	<u>22,371</u>	<u>22,079</u>
Earnings per share — Diluted (RMB yuan per share)	<u>1.57</u>	<u>1.79</u>

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 of the Group decreased by 4.7% to approximately RMB462,856 million in 2020 from approximately RMB485,908 million in 2019. 97.1% of the Group's revenue was generated from the sales of properties (2019: 97.8%), and 2.9% from Construction and Others segments (2019: 2.2%).

Property Development

Due to the impact of the Coronavirus (“COVID-19”) in 2020, the construction progress and the delivery of property units of certain projects have been slowed down. Revenue generated from property development decreased by 5.4% to approximately RMB449,341 million in 2020 from approximately RMB475,012 million in 2019. The recognised average selling price of property delivered was approximately RMB7,980 per sq.m. in 2020, decreasing from approximately RMB8,407 per sq.m in 2019.

Construction

Construction revenue increased by 41.2% to approximately RMB8,779 million in 2020 from approximately RMB6,219 million in 2019, primarily due to the increase in the construction volume and the number of construction projects.

Others

Others segment mainly includes property investment, hotel operation and others, such as smart construction, robotic catering, new retail and modern agriculture businesses. Revenue from external parties of these segments increased by 1.3% to approximately RMB4,736 million in 2020 from approximately RMB4,677 million in 2019.

Selling and marketing costs and Administrative expenses

Benefited by the efficient cost control, the Group's selling and marketing costs decreased by 16.0% to approximately RMB13,752 million in 2020 from approximately RMB16,365 million in 2019, administrative expenses decreased by 20.6% to approximately RMB13,919 million in 2020 from approximately RMB17,538 million in 2019. Selling and marketing cost and administrative expenses totally accounted for 6.0% of the revenue for the year (2019: 7.0%), decreasing 1.0 percentage point from 2019.

Finance Income — Net

The Group recorded net finance income of approximately RMB7,306 million in 2020 (2019: approximately RMB1,171 million).

In 2020, the Group recorded post-hedging net foreign exchange gains of approximately RMB3,242 million (2019: net foreign exchange losses of approximately RMB1,200 million), interest income of approximately RMB4,102 million (2019: approximately RMB2,371 million), and net losses on early redemption of senior notes and convertible bonds of approximately RMB38 million in 2020 (2019: nil).

Profit and Core Net Profit Attributable to Owners of the Company

Due to the delay of property projects delivery affected by COVID-19, as well as the delivery of certain low price property projects, the profit attributable to owners of the Company decreased by 11.4% to approximately RMB35,022 million in 2020, when compared with approximately RMB39,550 million in 2019.

After deduction of the post-tax gains arising from changes in fair value of and transfer to investment properties, net foreign exchange gains/losses, net losses on early redemption of senior notes and convertible bonds and changes in fair value of financial instruments, the core net profit attributable to owners of the Company in 2020 was approximately RMB32,362 million, representing a decrease of 19.3% when compared with approximately RMB40,124 million in 2019.

Liquidity, Financial and Capital Resources

As at 31 December 2020, the Group's available cash (equals to the sum of cash and cash equivalents and restricted cash) amounted to approximately RMB183,623 million (31 December 2019: approximately RMB268,348 million), including approximately RMB16,470 million in restricted cash (31 December 2019: approximately RMB19,363 million). As at 31 December 2020, 97.1% (31 December 2019: 96.6%) of the Group's cash and bank deposits was denominated in Renminbi and 2.9% (31 December 2019: 3.4%) was denominated in other currencies (mainly US dollars, HK dollars and Malaysian Ringgit).

As at 31 December 2020, the net current assets of the Group were approximately RMB249,197 million (31 December 2019: approximately RMB232,765 million). The current ratio being current assets over current liabilities was approximately 1.2 as at 31 December 2020, which was the same as that at 31 December 2019.

As at 31 December 2020, the Group's bank and other borrowings, senior notes, corporate bonds and convertible bonds amounted to approximately RMB207,323 million, RMB73,410 million, RMB40,480 million and RMB5,272 million respectively (31 December 2019: approximately RMB252,793 million, RMB64,893 million, RMB46,400 million and RMB5,517 million respectively).

For bank and other borrowings, approximately RMB68,218 million, RMB132,880 million and RMB6,225 million will be repayable within 1 year, between 1 and 5 years and beyond 5 years respectively (31 December 2019: approximately RMB80,057 million, RMB170,089 million and RMB2,647 million respectively). As at 31 December 2020 and 31 December 2019, the majority of the bank and other borrowings were secured by certain properties, right-of-use assets, and equipment of the Group and/or secured by the equity interests of certain group companies, and/or guaranteed by the Group.

Net gearing ratio is measured by the net debt (representing bank and other borrowings, senior notes, corporate bonds and convertible bonds, net of available cash, which equals to the sum of cash and cash equivalents and restricted cash) over total equity. The Group's net gearing ratio increased from approximately 46.3% as at 31 December 2019 to approximately 55.6% as at 31 December 2020.

Key Risk Factors and Uncertainties

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

Risks Pertaining to the Property Market and Operation

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

Interest Rate Risk

The Group's bank and other borrowings mainly bear floating rates. As at 31 December 2020, the weighted average borrowing cost of the Group's total debt was 5.56%, which decreased by 78 basic points as compared with that as at 31 December 2019. 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, HK dollars and Malaysian Ringgit). 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 foreign debts. The Group's risk management policy is to partially hedge forecasted foreign currency cash flows, subject to availability of appropriate hedging instruments and cost of hedging. The Group uses a combination of foreign exchange forward contracts, foreign currency option contracts and foreign exchange structured derivatives and cross currency swaps to hedge its exposure to foreign exchange risk.

Guarantees

As at 31 December 2020, the Group had guarantees in respect of mortgage facilities for certain buyers amounting to approximately RMB381,302 million (31 December 2019: approximately RMB348,154 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 2020, the Group had provided guarantees amounting to approximately RMB64,603 million (31 December 2019: approximately RMB73,239 million) for certain liabilities 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 2020, the Group had approximately 93,899 full-time employees.

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 achieve sustainable development and corporate advantage, the Group is establishing a "Corporate University". Employees from different levels and different fields can all have opportunities to receive training, including Leadership Development Program, New Staff Campaign and On-the-job Training. All the projects are aimed to enable employees to become senior management and interdisciplinary talent and form a perfect HR training system 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 scheme and employee incentive scheme, details can be referred in the sections headed "SHARE OPTION SCHEME" and "EMPLOYEE INCENTIVE SCHEME" in this announcement.

Forward Looking

The spread of COVID-19 had brought unprecedented challenges and added uncertainties to the global economy, but after taking effective control measures by the Chinese government, the pandemic has been brought under control in China. With the recovery of the domestic economy and the market confidence, the Group believes that the effect of COVID-19 on operation performance is temporary.

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, adhere to the general principle of “houses are for living not for speculation” and the control target of “stabilizing land prices, housing prices and expectation”. Urbanization in China is far from over. The county and township dwellers’ ongoing desire to improve their housing conditions still makes a huge potential for property development in the country.

To further enhance value to our shareholders, the Group will leverage more on the brand awareness and buyer’s goodwill in established markets and strengthen our stronghold in these markets. We will also capitalize on our advance construction technology and plan our projects within manageable radii of modular and pre-fabrication centres. We will consolidate our operations to markets commensurate with our mode of operation.

To embrace the challenges and opportunities mentioned in the previous paragraph, 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, strengthen its contracted sales and cash collection to strengthen operating cash flows and ensure investment return.

In conjunction with our established property development and construction business, the Group has increased research and development expenses to approximately RMB2,649 million in 2020 and diversified into an investment portfolio covering smart construction, robotic catering, modern agriculture and new retail. The way forward will rely heavily on the application of artificial intelligence to solve the aging problem of the construction industry workforce and the increasing consumer demand for sustainable environment and food safety. The Group will continue to provide an integrated platform covering the needs of various stages in life 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 2020 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 2020. 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, risk management and internal control 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 2020, the Company has applied the principles and complied with the code provisions of the Corporate Governance Code (the “**CG 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**”), save and except for the code provision E.1.2 of the CG Code as the chairman of the Board (who was also the chairman of the nomination committee, corporate governance committee, environmental, social and governance committee and executive committee of the Company) was unable to attend the annual general meeting of the Company held on 21 May 2020 due to the travel restrictions then in place as a result of the COVID-19 pandemic.

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 2020. No incident of non-compliance was noted by the Company for the year ended 31 December 2020. 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 2020, share options for 19,970,881 Shares with a fair value on the grant dates of approximately RMB165 million were granted by the Company 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. 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 2020, Power Great had been distributed fractional entitlements of a total of 283 Shares under the scrip dividend scheme in relation to the 2019 final dividend of the Company, but had not acquired any Shares by other way. During the year ended 31 December 2020, share awards for 42,651,245 Shares were granted under the Employee Incentive Scheme subject to completion of the registration and transfer procedures pursuant to the terms of the Employee Incentive Scheme. As at 31 December 2020, the total number of Shares in relation to share awards that were granted under the Employee Incentive Scheme was 172,460,782 Shares (being the net number of the Shares after deduction of the exercised and lapsed share awards). As at 31 December 2020, the cumulative total number of the Shares held by Power Great under the Employee Incentive Scheme was 281,926,904 Shares (including Shares which had been granted to the relevant employees with the registration and transfer procedures yet to be completed) (31 December 2019: 293,187,105 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.

ADJUSTMENT TO CONVERSION PRICE AND PARTIAL REPURCHASE OF CONVERTIBLE BONDS, AND ADJUSTMENT TO STRIKE PRICE OF WRITTEN CALL OPTIONS

On 21 November 2018, the Company, Smart Insight International Limited (the “**Issuer**”, a wholly-owned subsidiary of 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**”) entered into an agreement, 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**”). On 5 December 2018, the Issuer issued the 2023 Convertible Bonds in the principal amount of HKD7,830 million. The 2023 Convertible Bonds are listed on Singapore Exchange Securities Trading Limited. As at the date of this announcement, the 2023 Convertible Bonds may be converted into Shares at the latest modified conversion price of HKD11.15 per Share during the conversion period under the terms of the 2023 Convertible Bonds.

On 21 November 2018, the Issuer entered into call option transaction(s) involving the sale of call option(s) by the Issuer to J.P. Morgan Securities plc and Goldman Sachs International or their respective affiliates with the initial strike price of HKD17.908 (the “**Written Call Option(s)**”). As

at the date of this announcement, the strike price of the Written Call Options had been adjusted to the latest modified strike price of HKD15.86 per Written Call Option and its total number had been adjusted from 685,039,328 to 702,242,115 Written Call Options. The Written Call Options are exercisable only on their expiration dates ranging from 14 September 2023 to 24 November 2023. The maximum number of Shares that may be issued upon physical settlement of the Written Call Options is 702,242,115 Shares as at the date of this announcement.

During the year ended 31 December 2020, the Issuer had conducted partial repurchase of the 2023 Convertible Bonds in the total amount of HKD306 million (the “**Partial Repurchase**”). Following settlement of the Partial Repurchase, the 2023 Convertible Bonds partially repurchased had been cancelled. As at the date of this announcement, the total outstanding amount of the issued 2023 Convertible Bonds is HKD7,524 million and the maximum number of Shares that may be issued under the 2023 Convertible Bonds is 674,798,206 Shares. During the year ended 31 December 2020, no Shares were issued under the 2023 Convertible Bonds.

Please refer to the announcements of the Company dated 21 November 2018, 22 November 2018, 12 December 2018, 24 May 2019, 3 June 2019, 12 September 2019, 1 June 2020 and 15 September 2020, and the circular of the Company dated 11 April 2019 for further details.

Details of convertible bonds are set out in note 7 to the “NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS” in this announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2020, the Issuer partially repurchased and cancelled the 2023 Convertible Bonds in the total amount of HKD306 million from Singapore Exchange Securities Trading Limited, for further details, please refer to the section headed “ADJUSTMENT TO CONVERSION PRICE AND PARTIAL REPURCHASE OF CONVERTIBLE BONDS, AND ADJUSTMENT TO STRIKE PRICE OF WRITTEN CALL OPTIONS” in this announcement.

Neither the Company nor any of its subsidiaries has purchased, bought back, sold or redeemed any of the Shares during the year ended 31 December 2020. 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 2020, please refer to notes 5, 6 and 7 to the “NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS” in this announcement.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of RMB24.98 cents (2019 final dividend: RMB34.25 cents) per Share for the year ended 31 December 2020 (the “**Final Dividend**”) to Shareholders whose names appear on the registers of members of the Company (the “**Registers of Members**”) on Tuesday, 8 June 2021 (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 Thursday, 27 May 2021 to Wednesday, 2 June 2021.

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, 6 July 2021. 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 Thursday, 12 August 2021.

CLOSURE OF REGISTERS 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 “**2021 AGM**”), and the Eligible Shareholders’ entitlement to the proposed Final Dividend, the Registers of Members will be closed as appropriate as set out below:

- (i) For determining the Shareholders’ eligibility to attend, speak and vote at the 2021 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 Friday, 14 May 2021
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Record Date	Friday, 14 May 2021
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Closure of the Registers of Members	Monday, 17 May 2021 to Monday, 24 May 2021 (both days inclusive)
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- (ii) Subject to the passing of the Final Dividend proposal agenda at the 2021 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 Friday, 4 June 2021
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Closure of the Registers of Members	Monday, 7 June 2021 to Tuesday, 8 June 2021 (both days inclusive)
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Record Date	Tuesday, 8 June 2021
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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, 25 March 2021

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.