中國恒大集團
CHINA EVERGRANDE GROUP

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(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3333)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

FINANCIAL HIGHLIGHTS

1. Revenue increased by 2.4% to RMB477.56 billion for the year ended 31 December 2019 (the Year) as compared with 2018.

2. Gross profit was RMB132.94 billion for the Year. Gross profit margin was 27.8%.

3. Net profit was RMB33.54 billion for the Year. Net profit margin was 7.0%.

4. Core business profit[1] was RMB40.82 billion for the Year. Core business profit margin was 8.5%.

5. Profit attributable to shareholders was RMB17.28 billion.

6. Contracted sales during the Year amounted to RMB601.06 billion, representing an increase of 9.0% as compared with 2018. The gross floor area of contracted sales was 58.463 million square meters, representing an increase of 11.5% as compared with 2018. The average price of contracted sales was RMB10,281 per square meter.

7. Proposed final dividend was RMB0.653 per share.

1 Core business profit represents net profit excluding fair value gains on investment properties, exchange gains or losses, fair value gains or losses on financial instruments, donations and certain non-property development businesses losses.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2019	2018
	Note	***RMB million***	*RMB million*
Revenue	*4*	**477,561**	466,196
Cost of sales	*7*	**(344,624)**	(297,249)
Gross profit		**132,937**	168,947
Fair value gains on investment properties, net	*4*	**1,516**	1,343
Impairment losses on financial assets	*4*	**(194)**	(137)
Other gains, net	*5*	**1,729**	2,645
Other income	*6*	**6,997**	6,694
Selling and marketing costs	*7*	**(23,287)**	(18,086)
Administrative expenses	*7*	**(19,811)**	(14,813)
Other operating expenses	*7*	**(5,037)**	(5,179)
Operating profit		**94,850**	141,414
Share of profits/(losses) of investments accounted for using equity method	*4*	**2,967**	(874)
Fair value (losses)/gains on financial assets at fair value through profit or loss	*4*	**(1,863)**	51
Fair value gains on derivative financial liabilities	*4*	**981**	797
Finance costs, net	*8*	**(22,763)**	(14,623)
Profit before income tax		**74,172**	126,765
Income tax expenses	*9*	**(40,630)**	(60,218)
Profit for the year		**33,542**	66,547

		Year ended 31 December	
		2019	2018
	Note	***RMB million***	*RMB million*
Other comprehensive income			
(Item that may be reclassified to profit or loss)			
Share of other comprehensive income of investments accounted for using the equity method		**35**	81
Currency translation differences		**(287)**	457
(Item that may not be reclassified to profit or loss)			
Revaluation gains arising from transfer of construction in progress to investment properties, net of tax		**7**	—
Share of other comprehensive income of investments accounted for using the equity method		**(7)**	—
Change in fair value of financial assets at fair value through other comprehensive income, net of tax		**13**	(383)
Other comprehensive income for the year, net of tax		**(239)**	155
Total comprehensive income for the year		**33,303**	66,702
Profit attributable to:			
Shareholders of the Company		**17,280**	37,390
Non-controlling interests		**16,262**	29,157
		33,542	66,547
Total comprehensive income attributable to:			
Shareholders of the Company		**17,109**	37,502
Non-controlling interests		**16,194**	29,200
		33,303	66,702
Earnings per share for profit attributable to shareholders of the Company for the year (expressed in RMB per share)			
— Basic earnings per share	*10*	**1.315**	2.849
— Diluted earnings per share	*10*	**1.304**	2.765

CONSOLIDATED BALANCE SHEET

	Note	31 December 2019 RMB million	31 December 2018 RMB million
ASSETS			
Non-current assets			
Property, plant and equipment		**55,798**	40,794
Right-of-use assets		**13,553**	—
Land use rights		**—**	9,466
Investment properties		**162,556**	162,322
Goodwill		**7,788**	1,595
Intangible assets		**7,960**	424
Trade and other receivables	*12*	**6,332**	6,029
Prepayments	*13*	**2,697**	1,677
Investments accounted for using equity method		**87,811**	67,046
Financial assets at fair value through other comprehensive income		**1,587**	1,570
Financial assets at fair value through profit or loss		**8,005**	8,965
Deferred income tax assets		**5,676**	4,389
		359,763	304,277
Current assets			
Inventories		**574**	—
Properties under development		**1,198,388**	971,802
Completed properties held for sale		**129,073**	121,971
Trade and other receivables	*12*	**143,706**	123,141
Contract acquisition costs		**2,757**	3,587
Prepayments	*13*	**130,461**	138,752
Income tax recoverable		**12,167**	11,116
Financial assets at fair value through profit or loss		**921**	1,173
Restricted cash		**78,711**	74,845
Cash and cash equivalents		**150,056**	129,364
		1,846,814	1,575,751
Total assets		**2,206,577**	1,880,028

	Note	**31 December 2019** *RMB million*	31 December 2018 *RMB million*
EQUITY			
Capital and reserves attributable to shareholders of the Company			
Share capital and premium		**1,575**	1,205
Other reserves		**66,133**	65,998
Retained earnings		**77,992**	65,792
		145,700	132,995
Non-controlling interests		**212,837**	175,631
Total equity		**358,537**	308,626
LIABILITIES			
Non-current liabilities			
Borrowings		**427,726**	354,857
Derivative financial liabilities		**4,666**	5,647
Other payables	*14*	**4,847**	1,543
Deferred income tax liabilities		**60,766**	49,899
		498,005	411,946
Current liabilities			
Borrowings		**372,169**	318,285
Trade and other payables	*14*	**717,618**	554,313
Contract liabilities		**129,705**	185,586
Current income tax liabilities		**130,543**	101,272
		1,350,035	1,159,456
Total liabilities		**1,848,040**	1,571,402
Total equity and liabilities		**2,206,577**	1,880,028

Notes:

1 GENERAL INFORMATION

China Evergrande Group (the "Company") was incorporated in the Cayman Islands on 26 June 2006 as an exempted company with limited liability under the Companies Law, Cap. 22 (2009 Revision as consolidated and revised from time to time) of the Cayman Islands and is engaged in investment holding. The Company and its subsidiaries (the "Group") are principally engaged in the property development, property investment, property management, new energy vehicle business, hotel operations, finance business, internet business and health industry business in the People's Republic of China (the "PRC"). The address of its registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company had its listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 5 November 2009.

These consolidated financial statements are presented in Renminbi Yuan ("RMB") millions, unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors (the "Board") of the Company on 31 March 2020.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Preparation

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, investment properties and derivative financial liabilities, which are carried at fair value.

The preparation of financial statements in conformity with the HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(b) Accounting policies

(i) *New standards and amendments to standards adopted by the Group as at 1 January 2019*

The following standards and amendments to standards are mandatory for the Group's financial year beginning on 1 January 2019 for the Group:

HKFRS 16	Leases
HKFRS 9 (Amendment)	Prepayment Features with Negative Compensation
HKAS 19 (Amendment)	Plan Amendment, Curtailment or Settlement
HKAS 28 (Amendment)	Long-term Interests in an Associate and Joint Venture
Annual Improvements to 2015–2017 Cycle	Improvements to HKFRS
HK (IFRIC) 23	Uncertainty over Income Tax Treatments

Save for the impact of adoption of HKFRS 16 disclosed in note 3, the adoption of other new and amended standards does not have any significant impact to the results and financial position of the Group.

(ii) ***New standards and amendments to standards that have been issued but are not effective***

HKAS 1 and HKAS 8 (Amendments)	Definition of Material[1]
HKFRS 3 (Amendments)	Definition of a Business[1]
HKFRS 17	Insurance Contracts[2]
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture[3]

1 Effective for periods beginning on or after 1 January 2020.
2 Effective for periods beginning on or after 1 January 2021.
3 Effective date is to be determined by the International Accounting Standard Board.

The Group has already commenced an assessment of the impact of these new or revised standards and amendments, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the Group, no significant impact on the financial performance and position of the Group is expected when they become effective.

3 CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of HKFRS 16 Leases on the Group's financial information and the new accounting policies that have been first applied from 1 January 2019.

The Group has adopted HKFRS 16 from its mandatory adoption date of 1 January 2019. The Group has applied the simplified transition approach and has not restated comparative amounts for the year ended 31 December 2018. 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 at 1 January 2019.

(i) Practical expedients applied

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

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics,
- reliance on previous assessments on whether leases are onerous,
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases,
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of 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) 4 Determining whether an Arrangement contains a Lease.

(ii) Measurement of lease liabilities

The recognised lease liabilities are classified as below:

	2019
	RMB million
Operating lease commitments disclosed as at 31 December 2018	**2,391**
Discounted using the lessee's incremental borrowing rate of at the date of initial application	**2,272**
(Less): short-term leases and low-value leases recognised on a straight-line basis as expense	**(461)**
Lease liability recognised as at 1 January 2019	**1,811**
Of which are:	
Current lease liabilities	**712**
Non-current lease liabilities	**1,099**
	1,811

(iii) Measurement of right-of-use assets

Under the simplified transition approach, the associated right-of-use assets were measured at the amount equal to the lease liabilities on adoption, 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 land use rights are reclassified to right-of-use assets as at 31 December 2019 and 1 January 2019, respectively.

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

The change in accounting policy resulted from the adoption of HKFRS16 affected the following items in the balance sheet on 1 January 2019:

At 1 January 2019	**Land used rights**	**Right-of-use assets**	**Lease liabilities**
	RMB million	*RMB million*	*RMB million*
Opening balance — as previously reported	9,466	—	—
Reclassify from land use rights to right-of-use assets	(9,466)	9,466	—
Recognised lease liabilities and right-of-use assets	—	1,811	1,811
Opening balance — as restated	—	11,277	1,811

There was no impact on the Group's retained earnings as at 1 January 2019 as a result of the adoption of HKFRS 16.

(v) 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.

4 SEGMENT INFORMATION

The chief operating decision-maker ("CODM") of the Group has been identified as the executive directors of the Company who are responsible for reviewing the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The Group is organised into four business segments: property development, property investment, property management and other businesses. Other businesses mainly include new energy vehicle business, hotel operations, internet business, health industry business and investment business. As the CODM of the Group considers most of the revenue and results of the Group are attributable to the market in the PRC, and only an immaterial part (less than 10%) of the Group's assets are located outside the PRC, no geographical segment information is presented.

The directors of the Company assess the performance of the operating segments based on a measure of segment results. Impairment losses on financial assets, fair value gains or losses on financial assets at fair value through profit or loss ("FVPL"), fair value gains or losses on derivative financial liabilities, dividend income of Financial assets at fair value through other comprehensive income ("FVOCI"), and finance cost are not included in the result for each operating segment.

Revenue for the year ended 31 December 2019 consists of sales of properties, rental income of investment properties, income from property management services and income from other businesses, which are set out below:

	Year ended 31 December	
	2019	2018
	RMB million	*RMB million*
Sales of properties	**464,568**	452,764
Rental income	**1,364**	1,178
Property management services	**4,375**	4,067
Other businesses	**7,254**	8,187
	477,561	466,196

The segment results and other segment items included in the consolidated statement of comprehensive income for the year ended 31 December 2019 are as follows:

	Property development *RMB million*	Property investment *RMB million*	Property management services *RMB million*	Other businesses *RMB million*	Group *RMB million*
Gross segment revenue	**464,568**	**1,729**	**6,734**	**38,438**	**511,469**
Inter-segment revenue	**—**	**(365)**	**(2,359)**	**(31,184)**	**(33,908)**
Revenue	**464,568**	**1,364**	**4,375**	**7,254**	**477,561**
Revenue from contracts with customers					
— Recognised at a point in time	**464,568**	**—**	**—**	**3,958**	**468,526**
— Recognised over time	**—**	**—**	**4,375**	**3,296**	**7,671**
Revenue from other sources					
— Rental income	**—**	**1,364**	**—**	**—**	**1,364**
Share of post-tax profits of associates	**35**	**—**	**—**	**4,521**	**4,556**
Share of post-tax losses of joint ventures	**(163)**	**—**	**—**	**(1,426)**	**(1,589)**
Segment results	**97,754**	**2,807**	**651**	**(3,220)**	**97,992**
Impairment losses on financial assets					**(194)**
Dividend income of FVOCI					**19**
Losses on FVPL					**(1,863)**
Gains on derivative financial liabilities					**981**
Finance costs, net					**(22,763)**
Profit before income tax					**74,172**
Income tax expenses					**(40,630)**
Profit for the year					**33,542**
Depreciation and amortisation	**1,701**	**—**	**15**	**2,654**	**4,370**
Fair value gains on investment properties	**—**	**1,516**	**—**	**—**	**1,516**

The segment results and other segment items included in the consolidated statement of comprehensive income for the year ended 31 December 2018 are as follows:

	Property development *RMB million*	Property investment *RMB million*	Property management services *RMB million*	Other businesses *RMB million*	Group *RMB million*
Gross segment revenue	452,764	1,510	5,710	34,871	494,855
Inter-segment revenue	—	(332)	(1,643)	(26,684)	(28,659)
Revenue	452,764	1,178	4,067	8,187	466,196
Revenue from contracts with customers					
— Recognised at a point in time	452,764	—	—	5,227	457,991
— Recognised over time	—	—	4,067	2,960	7,027
Revenue from other sources					
— Rental income	—	1,178	—	—	1,178
Share of post-tax profits of associates	163	—	—	93	256
Share of post-tax losses of joint ventures	(337)	—	—	(793)	(1,130)
Segment results	139,347	2,528	712	(1,910)	140,677
Impairment losses on financial assets					(137)
Gains on FVPL					51
Gains on derivative financial liabilities					797
Finance costs, net					(14,623)
Profit before income tax					126,765
Income tax expenses					(60,218)
Profit for the year					66,547
Depreciation and amortisation	1,216	—	14	1,383	2,613
Fair value gains on investment properties	—	1,343	—	—	1,343

Segment assets and liabilities as at 31 December 2019 are as follows:

	Property development *RMB million*	**Property investment** *RMB million*	**Property management services** *RMB million*	**Other businesses** *RMB million*	**Group** *RMB million*
Segment assets	**1,843,001**	**162,556**	**3,277**	**169,387**	**2,178,221**
Unallocated assets					**28,356**
Total assets					**2,206,577**
Segment assets include:					
Interest in associates	**5,139**	**—**	**—**	**47,263**	**52,402**
Interest in joint ventures	**14,624**	**—**	**—**	**20,785**	**35,409**
Segment liabilities	**842,781**	**—**	**4,638**	**4,751**	**852,170**
Unallocated liabilities					**995,870**
Total liabilities					**1,848,040**
Capital expenditure	**1,490**	**2,025**	**13**	**28,104**	**31,632**

Segment assets and liabilities as at 31 December 2018 are as follows:

	Property development *RMB million*	Property investment *RMB million*	Property management services *RMB million*	Other businesses *RMB million*	Group *RMB million*
Segment assets	1,602,712	162,322	2,868	84,913	1,852,815
Unallocated assets					27,213
Total assets					1,880,028
Segment assets include:					
Interest in associates	2,256	—	—	29,447	31,703
Interest in joint ventures	14,816	—	—	20,527	35,343
Segment liabilities	700,634	—	4,214	36,594	741,442
Unallocated liabilities					829,960
Total liabilities					1,571,402
Capital expenditure	212	12,241	25	11,721	24,199

Sales between segments are carried out at agreed terms amongst relevant parties. The revenue from external parties reported to the management is measured in a manner consistent with that in the consolidated statement of comprehensive income.

Segment assets consist primarily of property, plant and equipment, investment properties, right-of-use assets, land use rights, properties under development, completed properties held for sale, receivables, contract acquisition costs, prepayments and cash balances. They exclude deferred tax assets, income tax recoverable, FVOCI, and FVPL.

Segment liabilities consist of operating liabilities. Unallocated liabilities comprise taxation, borrowings and derivative financial liabilities.

Capital expenditure comprises additions to property, plant and equipment, investment properties, right-of-use assets, land use rights and intangible assets.

Reportable segment assets are reconciled to total assets as follows:

	31 December	
	2019	2018
	RMB million	*RMB million*
Segment assets	**2,178,221**	1,852,815
Unallocated:		
Income tax recoverable	**12,167**	11,116
Deferred income tax assets	**5,676**	4,389
FVOCI	**1,587**	1,570
FVPL	**8,926**	10,138
Total assets per consolidated balance sheet	**2,206,577**	1,880,028

Reportable segment liabilities are reconciled to total liabilities as follows:

	31 December	
	2019	2018
	RMB million	*RMB million*
Segment liabilities	**852,170**	741,442
Unallocated:		
Current income tax liabilities	**130,543**	101,272
Deferred income tax liabilities	**60,766**	49,899
Borrowings	**799,895**	673,142
Derivative financial liabilities	**4,666**	5,647
Total liabilities per consolidated balance sheet	**1,848,040**	1,571,402

No material revenues are derived from any single external customer (2018: none).

5 OTHER GAINS, NET

	Year ended 31 December	
	2019	2018
	RMB million	*RMB million*
Gains on disposal of subsidiaries	**1,110**	2,198
Losses on disposal of joint ventures and associates	**(2)**	(138)
Net foreign exchange gains	**621**	585
	1,729	2,645

6 OTHER INCOME

	Year ended 31 December	
	2019	2018
	RMB million	*RMB million*
Interest income	**4,573**	3,884
Forfeited customer deposits	**943**	766
Gain on disposal of investment properties	**64**	106
Dividend income of FVOCI	**19**	320
Management and consulting service income	**600**	1,100
Others	**798**	518
	6,997	6,694

7 EXPENSES BY NATURE

Major expenses included in cost of sales, selling and marketing costs, administrative expenses and other operating expenses are analysed as follows:

	Year ended 31 December	
	2019	2018
	RMB million	*RMB million*
Cost of properties sold — including construction costs, land costs and interest costs	**332,404**	285,890
Tax and other levies	**2,300**	2,590
Employee benefit expenses	**19,046**	16,649
Employee benefit expenditure — including directors' emoluments	**27,241**	24,221
Less: capitalised in properties under development, investment properties under construction and construction in progress	**(8,195)**	(7,572)
Advertising expenses	**9,876**	7,943
Sales commissions	**5,915**	3,401
Depreciation	**2,879**	2,120
Amortisation	**1,491**	493
Auditors' remunerations	**44**	38
— Audit services	**38**	35
— Non-audit services	**6**	3
Short-term and low value lease expenses	**476**	—
Operating lease expenses	**—**	617
Write-down of properties held for sale	**829**	462
Impairment losses on financial assets	**194**	137
Donations	**3,104**	3,793

8 FINANCE COSTS

	Year ended 31 December	
	2019	2018
	RMB million	*RMB million*
Interest expenses		
— Bank and other borrowings	**51,395**	48,381
— Senior notes	**11,916**	5,105
— Convertible bonds	**1,359**	1,097
— PRC bonds	**3,770**	3,344
— Less: interest capitalised	**(50,924)**	(49,935)
	17,516	7,992
Exchange losses from borrowings	**4,022**	6,244
Other finance costs	**1,225**	387
	22,763	14,623

9 INCOME TAX EXPENSE

	Year ended 31 December	
	2019	2018
	RMB million	*RMB million*
Current income tax		
— Hong Kong profits tax	**44**	18
— PRC corporate income tax	**25,606**	36,232
— PRC land appreciation tax	**21,099**	27,267
	46,749	63,517
Deferred income tax		
— PRC corporate income tax	**(3,760)**	(2,417)
— PRC land appreciation tax	**(2,359)**	(882)
	40,630	60,218

Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted Company with limited liability under the Companies Law, Cap. 22 (2009 Revision as consolidated and revised from time to time) of the Cayman Islands and accordingly, is exempted from Cayman Islands income tax. The group companies in the British Virgin Islands were incorporated under the International Business Companies Act of the British Virgin Islands and, accordingly, exempted from British Virgin Islands income tax.

Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profit for the current period in respect of operations in Hong Kong.

PRC corporate income tax

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate of 25% (2018: 25%) on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

PRC withholding income tax

According to the new Corporate Income Tax Law of the PRC, starting from 1 January 2008, a withholding tax of 10% will be levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong according to the tax treaty arrangements between the PRC and Hong Kong.

PRC land appreciation tax

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including land use rights and property development expenditures.

10 EARNINGS PER SHARE

(a) Basic

Basic earnings per share are calculated by dividing the profits attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2019	2018
Profit attributable to shareholders of the Company *(RMB million)*	**17,280**	37,390
Weighted average number of ordinary shares in issue *(millions)*	**13,138**	13,125
Basic earnings per share *(RMB)*	**1.315**	2.849

(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's dilutive potential ordinary shares consist of share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. 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.

	Year ended 31 December	
	2019	2018
Profit attributable to equity holders of the Company *(RMB million)*	**17,280**	37,390
Profit adjustments for Convertible bond *(RMB million)*	**—**	300
	17,280	37,690
Weighted average number of ordinary shares in issue *(millions)*	**13,138**	13,125
Adjustments for share options and Convertible bond *(millions)*	**114**	506
Weighted average number of ordinary shares for diluted earnings per share *(millions)*	**13,252**	13,631
Diluted earnings per share *(RMB)*	**1.304**	2.765

11 DIVIDENDS

A final dividend in respect of the year ended 31 December 2019 of RMB0.653 per share amounting to approximately RMB8,658 million has been proposed by the Board on 31 March 2020, which is subject to approval by the shareholders in the forthcoming Annual General Meeting. These financial statements have not reflected this dividend payable.

A dividend in respect of the year ended 31 December 2018 of RMB1.419 per share totaling RMB18,770 million was approved by an extraordinary general meeting of the Company on 15 January 2020.

12 TRADE AND OTHER RECEIVABLES

	31 December	
	2019	2018
	RMB million	*RMB million*
Trade receivables *(a)*	**51,303**	37,239
Other receivables *(b)*	**98,735**	91,931
	150,038	129,170
Less: non-current portion of trade receivables and other receivables	**(6,332)**	(6,029)
Current portion	**143,706**	123,141

(a) Trade receivables

	31 December	
	2019	2018
	RMB million	*RMB million*
Trade receivables	**51,467**	37,413
Less: allowance provision for impairment	**(164)**	(174)
Trade receivables — net	**51,303**	37,239
Less: non-current portion	**(6,039)**	(4,722)
Current portion	**45,264**	32,517

During the year ended 31 December 2019, reverse loss of provision of RMB10 million (2018: loss of provision of RMB35 million was made against the gross amount of trade receivables).

Trade receivables mainly arose from sales of properties. Proceeds in respect of sales of properties are to be received in accordance with the terms of the related sales and purchase agreements.

The ageing analysis of trade receivables based on revenue recognition date as at the respective balance sheet dates is as follows:

	31 December	
	2019	2018
	RMB million	*RMB million*
Within 90 days	**41,656**	22,339
Over 90 days and within 180 days	**4,928**	3,023
Over 180 days and within 365 days	**3,818**	4,193
Over 365 days	**1,065**	7,858
	51,467	37,413

The maximum exposure to credit risk at each balance sheet date is the carrying value of each class of receivables mentioned above. The Group has retained the legal titles of the properties sold to these customers before the trade receivables are settled.

(b) Other receivables

	31 December	
	2019	2018
	RMB million	*RMB million*
Other receivables		
— associates	**30**	—
— joint ventures	**27,744**	17,470
— non-controlling interests *(note (a))*	**17,427**	10,060
— loans to third parties facilitated through internet finance platform *(note (b))*	**709**	10,862
— third parties *(note (c))*	**54,567**	55,077
	100,477	93,469
Less: allowance provision for impairment	**(1,742)**	(1,538)
Other receivables — net	**98,735**	91,931
Less: non-current portion	**(293)**	(1,307)
Other receivables — net	**98,442**	90,624

(a) Amounts are unsecured, interest free and repayable on demand.

(b) Amounts represented loans to certain third parties which were facilitated through the internet finance platform.

(c) Amounts mainly represented the deposits for acquisition of land use rights, deposits for construction projects and borrowings, receivables of cooperation parties.

As at 31 December 2019, impairment provision of RMB204 million (2018: RMB102 million) was made against the gross amount of other receivables.

The carrying amounts of the Group's other receivables are denominated in RMB.

The maximum exposure to credit risk at each balance sheet date is the carrying value of each class of receivables mentioned above.

As at 31 December 2019 and 2018, the fair value of trade and other receivables approximated their carrying amounts.

13 PREPAYMENTS

	31 December	
	2019	2018
	RMB million	*RMB million*
Prepaid value added taxes and other taxes	**16,208**	13,436
Prepayments to third parties	**116,950**	126,993
— for acquisition of land use rights	**103,123**	97,556
— for acquisition of subsidiaries	**8,989**	25,371
— others	**4,838**	4,066
	133,158	140,429
Less: non-current portion		
— prepayments for acquisition of property, plant and equipment and right-of-use assets	**(2,697)**	(1,677)
	130,461	138,752

14 TRADE AND OTHER PAYABLES

	31 December 2019 RMB million	2018 RMB million
Trade payables — third parties *(note (d))*	**544,653**	423,648
Other payables:	**139,918**	104,111
— associates	**457**	—
— joint ventures	**38,623**	11,204
— shareholders of the company	**—**	141
— non-controlling interests *(note (a))*	**12,924**	9,731
— unit holders of consolidated investment entities	**—**	697
— holders of internet finance business products	**709**	10,062
— payables for acquisition of land use rights	**34,847**	31,516
— payables for acquisition of subsidiaries	**7,123**	9,191
— payables for acquisition of associates *(note (b))*	**5,700**	4,034
— third parties *(note (c))*	**39,535**	27,535
Accrued expenses	**7,643**	7,066
Payroll payable	**3,374**	2,558
Deferred income from grants	**1,551**	—
Lease liabilities	**1,542**	—
Other taxes payable	**23,784**	18,473
	722,465	555,856
Less: non-current portion		
Other payables:	**(2,546)**	(1,543)
— non-controlling interests *(note (a))*	**(2,546)**	—
— payables for acquisition of an associate	**—**	(1,543)
Deferred income from grants	**(1,551)**	—
Lease liabilities	**(750)**	—
	(4,847)	(1,543)
Current portion	**717,618**	554,313

(a) Amounts included certain cash advances from non-controlling interests of approximately RMB2,546 million (2018: RMB257 million) which bear average interest at 15% per annum (2018: 10.4%) and are repayable according to respective agreements.

(b) Amounts of RMB4,034 million (2018: RMB4,034 million) represented payable for acquisition of an associate which bear average interest rate at 8.0% per annum and are repayable according the relevant agreement.

(c) Amounts mainly represented output value-added-tax portion of receipt in advance from customers, deposits and temporary receipts.

(d) The following is an ageing analysis of trade payables presented based on invoice date at the end of reporting period:

	31 December	
	2019	2018
	RMB million	*RMB million*
Within one year	**485,475**	378,322
Over one year	**59,178**	45,326
	544,653	423,648

The trade and other payables are denominated in the following currencies:

	31 December	
	2019	2018
	RMB million	*RMB million*
— Denominated in RMB	**718,327**	549,935
— Denominated in other currencies	**4,138**	5,921
	722,465	555,856

15 SUBSEQUENT EVENTS

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.

BUSINESS REVIEW

In 2019, under the impact of protectionism and unilateralism, global economic growth continued to decline. The International Monetary Fund (IMF) lowered its global economic growth forecast four times. The latest forecast was only 3%, the lowest since the 2008 global financial crisis. However, in a complicated international environment, the Chinese economy demonstrated strong resilience with a GDP of RMB99,086.5 billion, representing a year-on-year increase of 6.1% at comparable prices, ranking among the top economies in the world, contributing 28% of the global economic growth, and becoming the largest contributor to global economic growth for the 14th consecutive year.

Under the overall guidelines to maintain steady economic growth and deepen supply-side structural reform, the Chinese Central Government continued to implement the real estate policy of "housing is for living, not for speculation". Adhering to the principle of "different policies according to specific situations in different cities" and category-based policy guidelines, local governments implemented various regulation policies, and the overall market remained stable. National contracted sales volume of commodity housing continued to hit its historical high, which increased by 6.5% year-on-year to RMB15.97 trillion. Contracted sales volume of residential housing reached RMB13.94 trillion, representing year-on-year growth of 10.3%. Inventory levels continued to decline, with 498 million square meters of properties available for sale at the end of the period, down by 4.9% year-on-year, in which residential housing inventory decreased to 225 million square meters, down by 10.4%. The market share among the top 20 real estate companies was 29.91%, a year-on-year increase of 0.59 percentage points.[1]

Faced with the complexities in the economic environment domestically and abroad as well as intense industry competition, the Group fully understood that housing is for people to live in, and firmly carried out controlling policies following the government's direction, thus achieving "stable land price, stable property price and stable expectations". Having real estate development as the foundation, developing cultural tourism and health wellbeing management as the complementary pillars, and focusing on new energy vehicles as the leading growth driver, the Group gained a leading position among its peers in terms of operation scale and profit. In 2019, the Group successfully increased its shareholding in Shengjing Bank which had total assets of RMB1,021.5 billion[2], and became the single largest shareholder with 36.4% shareholding. Together with the 50% shareholding in Evergrande Life Insurance which had total assets of RMB188.6 billion[2], the combined total assets managed by the Group amounted to RMB3,416.7 billion. At the same time, the Group was ranked 138th in the Fortune Global 500 in 2019, significantly improving by 358 positions from 496th when it entered the list for the first time in 2016.

[1] *Data source: CRIC Real Estate Research "2019 Top 200 PRC Real Estate Developers in Terms of Sales"*

[2] *As at 31 December 2019*

Further strengthening the real estate business, and continuously maintaining huge high quality land reserves

In 2019, the Group further strengthened the real estate business and continued to maintain huge high quality land reserves in order to facilitate quality development. The Group acquired 153 new pieces of land and further acquired the land surrounding 39 existing projects during the Year. New land reserves acquired were evenly distributed among cities such as Beijing, Guangzhou, Nanjing, Taiyuan, Kunming, Chengdu, Chongqing, Hangzhou, Zhengzhou, Fuzhou, Urumqi, Foshan, Zhuhai, Dalian, Yantai and Tangshan. The newly acquired land reserves had a total GFA of 67.03 million square meters at an average cost of RMB2,101 per square meter.

As at 31 December 2019, the Group's total land reserves covered 876 projects located in 237 cities across China, covering almost all first-tier cities, municipalities and provincial capitals, as well as a majority of economically developed prefecture-level cities with high growth potential. The land reserves of the Group had a total planned GFA of 293 million square meters with an original value of RMB527.3 billion and an average cost of RMB1,800 per square meter. In particular, the original value of land reserves in first-tier and second-tier cities amounted to RMB352.4 billion, representing 67% of the total value with an average land cost of RMB2,252 per square meter. The original value of land reserves in third-tier cities amounted to RMB174.9 billion, representing 33% of the total value with an average cost of RMB1,281 per square meter.

Among the abovementioned land reserves, land premium of RMB117.8 billion remained outstanding, of which RMB47.5 billion, RMB35.7 billion and RMB34.6 billion will be due in 2020, 2021 and in and after 2022 respectively.

The Group had 101 urban redevelopment projects, of which 6 projects with 1.22 million square meters in Shenzhen were included in the land reserves.

Steady growth in contracted sales with strong execution and flexible and progressive strategies

In 2019, the Group achieved contracted sales of RMB601.06 billion, a year-on-year increase of 9.0%, refreshing annual sales record for the 10th consecutive year since its listing in 2009. The contracted sales GFA was 58.463 million square meters, a year-on-year increase of 11.5%; and the average selling price was RMB10,281 per square meter.

During the Year, the Group launched 178 new projects for sale in several dozens of cities including Shanghai, Shenzhen, Nanjing, Chongqing, Chengdu, Hefei, Tianjin, Changsha, Kunming, Taiyuan, Xi'an, Guiyang, Shenyang, and Foshan. There were a total of 1,012 projects for sale which were at different stages ranging from being completed to under construction distributed in 254 cities.

The stable growth in sales performance of the Group is rooted in the consistent adherence to the "scale +profitability" development model, the Group's efforts in enhancing added value of products and the large number of projects and resources for sale. In addition, digital technology, mobile Internet, big data and other cutting-edge technologies have been widely used in marketing activities, matching with flexible and aggressive sales strategies and strong execution of all staff on marketing, so that the Group can face various market risks and challenges at ease, and ensure that sales performance can repeatedly hit new highs.

In 2020, in response to the COVID-19 epidemic, the Group pioneered online sales through the "Heng Fang Tong (恒房通)" platform on 13 February, thus greatly promoting robust sales of the Group. In March 2020, the Group realized unaudited contracted sales of RMB61.2 billion[1] and unaudited cash collection of RMB66.4 billion[1]. From January to March 2020, the Group realized unaudited contracted sales of RMB146.5 billion[1] and unaudited cash collection of RMB113.3 billion[1].

Precise and scientific construction planning and proper coordination among demands for sales, completion and delivery

The Group strives to optimize its construction planning scientifically and emphasize the precise coordination among plans of sales, completion and delivery. The Group had new construction start with GFA of 65.13 million square meters during the Year. As at 31 December 2019, the Group had 752 projects under construction with GFA of 123 million square meters. During the Year, a total of 783 projects were partially or fully completed with GFA of 77.01 million square meters, an increase of 6.6% year on year.

In 2019, the Group had a total of 901 delivered projects with total revenue of RMB464.57 billion. The Board believes that the large scale development and construction has not only ensured ample saleable resources to further support sales, but has also boosted the completion and delivery in the next phase with corresponding increase in overall revenue.

Diversified industries going hand in hand with emerging synergies

Evergrande, in cooperation with leading companies in different fields of global automobile industry, integrated the world-leading R&D and manufacturing resources in order to build the largest, most powerful new energy automobile group through blazing a new trail. With regard to automobile R&D and manufacturing, through acquisition and cooperation, the Group acquired the world-leading core technology and intellectual property in different key fields including 3.0 chassis architecture, power battery, engine and integrated electric powertrain system. The Group carried out strategic cooperation with the world's top automotive engineering technology leaders and top 15 design and styling masters to simultaneously develop 14 new car models on the basis of 3.0 chassis architecture. Hengchi 1 is expected to be introduced in 2020. Products under Hengchi Series will gradually commence volume production from 2021. Through strategic cooperation with the world's top 60 automotive equipment suppliers, the Group established high-end smart factory based on the Industry 4.0 Standard, which adopted the world's leading manufacturing equipment and production technologies, thus realizing "Dark Factory" under automated operation. The construction of production bases in Guangdong and Shanghai is expected to be completed in the second half of 2020.

1 The data of March 2020 was as at 16:00 on 31 March 2020.

In terms of automobile sales network, the Group invested in Guanghui Group, the world's largest automobile distributor. Together with on our sales teams of over 10,000 employees and the network of over 6 million owners covering more than 1,000 communities, the Group has established a large offline-sales network. Leveraging more than 14 million part-time salespersons on the vast online sales network on "Heng Fang Tong" Platform, the Group has further expanded its online sales network served by both full-time and part-time salespersons.

In terms of smart charging, we established a 50-50 joint venture, namely State Grid-Evergrande, with State Grid. The joint venture focused on smart charging service for car park spaces in communities. Currently, it is planned to construct smart charging facilities in 418 communities across China, with construction in 154 communities having been completed.

After ten years of research and exploration, Evergrande Tourism Group focuses on the construction of its two key products, namely Evergrande Fairyland and Evergrande Water Park, to meet global demand for amusement parks. Evergrande Fairyland is designed for children and teenagers aged 2-15. It is the only large-scale theme park that is completely indoor and offers entertainment facilities under all weather conditions throughout the year. Each Evergrande Fairyland can serve an area with a radius of 500 kilometers, with 80 million population in surrounding area. At present, the planning for 15 Fairyland projects had been completed, and is expected to gradually put into operations from 2022 onwards.

Evergrande Water Park offers 120 most popular water park rides selected by Evergrande from more than 170 existing water park features worldwide. Evergrande Water Park will be the world's largest hot spring water park that is completely indoor and offers facilities under all weather conditions throughout the year. In the next three years, it is expected that 20-30 Evergrande Water Parks will be constructed across China.

Ocean Flower Island, located in Hainan, has currently completed all façade construction works. Interior decoration and equipment installation works are in full swing. At present, there are approximately 35 contracted restaurants and 255 international retail brands. Grand opening of Ocean Flower Island is expected to be held in 2020.

Evergrande Health Group focuses on health industry, and has successfully constructed its key elderly care and wellness living product, Evergrande Elderly Care Valley, that meets the demands for elderly care and wellness living in China. Evergrande Elderly Care Valley integrates top class medical, healthcare, wellness living, elderly care, insurance, tourism and other resources, establishes membership platform and pioneers the "four major gardens". Through the "five major constructions" and the "four major services", Evergrande Elderly Care Valley offers its members with all-aged, high-quality and multi-dimensional healthcare services. At present, there are 24 healthcare industry projects that have been constructed. In the next three years, it is planned to construct 70 Evergrande Elderly Care Valley projects. Boao Evergrande International Hospital is the first international hospital of Evergrande. It is the only overseas affiliated hospital of Brigham and Women's Hospital under Harvard Medical School, and has officially put into operation.

The health industry and new energy vehicle industry are planned and operated by Evergrande Health Industry Group Limited (00708.HK), a subsidiary of the Group.

BUSINESS OUTLOOK

Looking forward, the Board believes that the global economy in 2020 will continue to be hindered by various factors such as trade protectionism, mounting debts and geopolitics. Moreover, the global economy are also facing challenges from the outbreak of the COVID-19 pandemic since the end of 2019, but at the same time new opportunities of industry consolidation and industrial upgrading may arise therefrom, even though some industries may be affected adversely.

Judging from past experience, the Board considers that the effect of the epidemic on the Chinese economy will be temporary. As the central government has introduced a series of fiscal and monetary policies to stabilize growth, the Chinese economy will sustain the general trend of growth amid stability with long-term promising outlook. As an emerging country with the largest middle-income population in the world, China's GDP per capita has exceeded USD$10,000. Under the new pattern of fully opening up, the new economy, new industries and consumption upgrading in China will create benefits both at home and abroad in a more extensive sense.

In respect of industry policy, it is expected that the central government will continue to adhere to its stance of "housing is for living, not for speculation", focus on stability, implement a long-term and effective management system for real estate, maintain the continuity and stability of policies on adjustments to the real estate market and ensure the sustained healthy development of the industry. The central government will prepare the new energy vehicle industry development plan for the period ending in 2035, optimize industry development environment, promote high-quality industry development and support leading companies to drive the synergetic development of upstream and downstream companies, raising the standard of industry chains. An internationally competitive new energy vehicle industrial cluster will be constructed and the construction of a powerful automotive country will be accelerated. Following the trends of quality improvement, transformation and upgrading of cultural and tourism consumption, the central government will introduce safeguarding policies on, among others, funds, land and infrastructure, so as to unlock the potentials of cultural and tourism consumption. It will also put the "Healthy China 2030" blueprint into practice, push forward the transformation and upgrading of health industry and expand the industry size to form a bunch of large-scale enterprises with strong innovation capacity and international competitiveness, developing the industry into the pillar industry in the national economy.

Based on the systematic analysis of the global economy and national industry policies, the Group will fully implement the development strategy of "growing sales, controlled scale and reduced leverage": the Group will leverage its abundant land reserves and its huge advantage of online channels to achieve rapid sales growth; it plans to steadily reduce overall land reserves with average reduction of 30 million sq.m. per year during 2020–2022. The Group plans to significantly reduce its total debt and lower its net gearing ratio.

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Performance

During the Year, the revenue was RMB477.56 billion (2018: RMB466.20 billion), representing a year-on-year growth of 2.4%. Gross profit was RMB132.94 billion (2018: RMB168.95 billion).

Core business profit for the Year was RMB40.82 billion, which is based on the net profit excluding fair value gains on investment properties, exchange gains or losses, fair value gains or losses on financial instruments, donations and certain non-property development business losses. Core business profit margin for the Year was 8.5%.

Revenue

Revenue of the Group was RMB477.56 billion for the Year, representing an increase of 2.4% as compared with 2018. Revenue generated from the property development segment increased by 2.6% to RMB464.57 billion. The increase was mainly due to the 7.2% increase in delivered area for the Year as compared to 2018, while the average selling price of delivered properties decreased by 4.3% as compared to 2018. Revenue generated from property management amounted to RMB4.38 billion, an increase of 7.6% from 2018, which was mainly due to the increase in area under the Group's management service for the Year. Revenue generated from investment properties amounted to RMB1.36 billion, up by 15.3%, which was mainly from the increased rental income attributable to a larger rental area of the investment properties.

Gross Profit

Gross profit of the Group was RMB132.94 billion for the Year. Decrease in gross profit for the Year was mainly attributable to the delivery and settlement of revenue of the lower-priced clearance stock properties in 2019. Therefore, profit decreased despite the increase in revenue. Gross profit rate was 27.8% for the Year, which was mainly due to the lower selling prices of clearance stock properties and the slight increases in construction and installation costs per square meter for delivered properties, land costs and interest capitalised.

Fair Value Gain on Investment Properties

Fair value gain on investment properties of the Group for the Year was RMB1.52 billion, which is approximately the same as compared with 2018. Investment properties of the Group mainly include commercial podiums in living communities, office buildings with gross floor area of about 8.95 million square meters and approximately 363,000 car parking spaces.

Other Income

Other income of the Group for the Year was RMB7.0 billion, which was mainly attributable to the interest income, forfeited customer deposits and management and consulting service income from joint ventures.

Other Gains/(Loss), Net

Other net gains were RMB1.73 billion for the Year. It mainly represents gains from the disposal of subsidiaries and exchange gains. Other net gains for the last year amounted to RMB2.65 billion, which was mainly attributable to the gains from the disposal of subsidiaries.

Selling and Marketing Costs

During the Year, selling and marketing costs of the Group increased from RMB18.09 billion in 2018 to RMB23.29 billion, up by 28.8%. The 3.9% ratio of selling and marketing expenses to contracted sales was mainly because the Group, in response to the market environment, increased the sales commissions, investment in advertisements and marketing campaigns to promote sales.

Administrative Expenses

During the Year, administrative expenses of the Group increased to RMB19.81 billion from RMB14.81 billion in 2018, which was mainly attributable to the continuous expansion of the Group's nation-wide business and increases in staff remuneration as well as administrative and office expenses for the Year.

Borrowings

As at 31 December 2019, the borrowings of the Group amounted to RMB799.90 billion, with the following maturities:

	31 December 2019 *(RMB billion)*	**As percentage of total borrowings**	31 December 2018 *(RMB billion)*	As percentage of total borrowings
Less than 1 year	**372.1**	**46.5%**	318.3	47.3%
1–2 years	**206.5**	**25.8%**	181.5	27.0%
2-5 years	**183.5**	**23.0%**	128.0	19.0%
More than 5 years	**37.8**	**4.7%**	45.3	6.7%
	799.9	**100.0%**	673.1	100.0%

A portion of the borrowings were secured by a pledge of properties and equipment, land use rights, investment properties, properties under development, completed properties held for sale, cash at bank and the equity interests of certain subsidiaries of the Group. As at 31 December 2019, the average effective interest rate of borrowings was 8.99% per annum (2018: 8.13%).

Foreign Exchange Exposure

The Group's business is principally conducted in Renminbi. A significant portion of residential and investment properties are located in Mainland China. However, there are 24.6% of borrowings denominated in US dollar and HK dollar.

We estimate the Renminbi exchange rate to continue its two-way volatility as the Renminbi exchange mechanism becomes more market-oriented. We incurred exchange losses during the Year due to depreciation in the RMB. However, there is still uncertainty on the actual exchange losses or gains relating to borrowings in foreign currencies, when they were repaid on due dates.

The Group will closely monitor its exchange risk exposure and will adjust its debt profile when necessary based on market changes. The Group has not entered into any forward exchange contracts to hedge its exposure to foreign exchange risk.

Liquidity

As at 31 December 2019, the total balance of cash and cash equivalents and restricted cash of the Group was RMB228.77 billion. The abundant working capital ensured normal operation of the Group, while providing adequate support for the Group as it explores best business opportunities.

Contracted Sales

In 2019, the Group's accumulated contracted sales increased by 9.0% year on year to RMB601.06 billion; contracted sales GFA reached 58.463 million square meters, representing a year-on-year increase of 11.5%; contracted ASP amounted to RMB10,281 per square meter. During the Year, the Group launched 178 new projects for sale, and the number of projects for sale which were at different stages ranging from being completed to under construction reached 1,012 in aggregate, covering 31 provinces, regions and cities in China.

The following table sets out the geographical distribution of contracted sales amount of the Group in 2019.

No.	Province	Sales amount *(RMB million)*	Percentage of sales amount
1	Guangdong Province	65,863	10.96%
2	Jiangsu Province	47,192	7.85%
3	Sichuan Province	37,374	6.22%
4	Zhejiang Province	33,556	5.58%
5	Henan Province	30,612	5.09%
6	Shandong Province	29,100	4.84%
7	Chongqing	28,166	4.69%
8	Hubei Province	25,963	4.32%
9	Liaoning Province	25,562	4.25%
10	Hunan Province	25,331	4.21%
11	Anhui Province	22,397	3.73%
12	Jiangxi Province	20,617	3.43%
13	Shanxi Province	20,498	3.41%
14	Shaanxi Province	18,488	3.08%
15	Guangxi Zhuang Autonomous Region	17,670	2.94%
16	Hebei Province	17,374	2.89%
17	Inner Mongolia Autonomous Region	17,157	2.85%
18	Jilin Province	15,730	2.62%
19	Fujian Province	14,695	2.44%
20	Yunnan Province	14,565	2.42%
21	Heilongjiang Province	13,476	2.24%
22	Guizhou Province	13,439	2.24%
23	Hainan Province	12,554	2.09%
24	Shanghai	11,174	1.86%
25	Gansu Province	6,933	1.15%
26	Xinjiang Uygur Autonomous Region	3,880	0.65%
27	Tianjin	3,661	0.61%
28	Beijing	3,261	0.54%
29	Ningxia Hui Autonomous Region	2,935	0.49%
30	Hong Kong Special Administrative Region	1,786	0.30%
31	Qinghai Province	55	0.01%
Total		**601,064**	**100.00%**

In 2020, the total saleable area of the Group is estimated to be approximately 132 million square meters and the annual contract sales target is RMB650 billion. From January to March 2020, unaudited contracted sales of RMB146.5 billion[1] in total was realized.

1 The data of March 2020 was as at 16:00 on 31 March 2020.

PROPERTY DEVELOPMENT

In 2019, the Group had a total of 783 projects completed or partially completed, located in 31 provinces, regions and cities of China, with a total completed GFA of 77.01 million square meters. As at 31 December 2019, the Group had a total of 752 projects under construction, with a total area of 123 million square meters.

The following table sets out the distribution of completed areas of the Group in 2019.

No.	Province	Completed area in 2019 *('000 m^2)*	Percentage
1	Jiangsu Province	6,271	8.14%
2	Guangdong Province	6,186	8.03%
3	Anhui Province	5,198	6.75%
4	Henan Province	5,186	6.73%
5	Sichuan Province	4,703	6.11%
6	Hunan Province	4,662	6.05%
7	Hubei Province	4,289	5.57%
8	Zhejiang Province	4,003	5.20%
9	Shandong Province	3,939	5.11%
10	Chongqing	3,198	4.15%
11	Guizhou Province	3,006	3.90%
12	Guangxi Zhuang Autonomous Region	2,931	3.81%
13	Hebei Province	2,584	3.36%
14	Shaanxi Province	2,470	3.21%
15	Jiangxi Province	2,129	2.76%
16	Liaoning Province	2,072	2.69%
17	Inner Mongolia Autonomous Region	1,972	2.56%
18	Jilin Province	1,877	2.44%
19	Hainan Province	1,764	2.29%
20	Yunnan Province	1,413	1.83%
21	Fujian Province	1,411	1.83%
22	Shanxi Province	1,291	1.68%
23	Heilongjiang Province	1,246	1.62%
24	Gansu Province	846	1.10%
25	Xinjiang Uygur Autonomous Region	834	1.08%
26	Beijing	514	0.67%
27	Tianjin	482	0.63%
28	Ningxia Hui Autonomous Region	417	0.54%
29	Tibet Tibetan Autonomous Region	60	0.08%
30	Shanghai	52	0.07%
31	Qinghai Province	5	0.01%
Total		**77,011**	**100.00%**

In 2019, the Group achieved total delivery of 901 projects, with a delivery amount of RMB464.57 billion, up 2.6% year-on-year.

CORPORATE SOCIAL RESPONSIBILITY

While maintaining focus on its steady and rapid growth, the Group continued to commit itself to charity and public welfare work relating to people's livelihood, poverty alleviation, education, environmental protection, sports and others, in order to make contributions to fulfilling corporate social responsibility and promoting harmony and progression of the society.

With respect to people's livelihood, the Group adhered to its philosophy of properties for the people and provided high quality and affordable homes to the public. Meanwhile, the Group continued to implement "return with no reason required" to protect home-buyers' interests. The Group had established solid strategic cooperation with over 7,000 domestic and overseas upstream and downstream companies, fostered the long-term strategic cooperation with leading companies, integrated strong industry chains and supported the healthy development of the real estate market.

With regard to poverty alleviation, the Group has initiated its poverty alleviation plan for 畢節市 (Bijie City) since December 2015 under the support and encouragement of the National Committee of CPPCC. It made a charitable donation of RMB11 billion and assigned a poverty alleviation team of 2,108 persons to station in Wumeng mountainous areas, in order to take hold of the key link of targeted poverty alleviation, namely industrial poverty alleviation, relocating poverty alleviation, and vocational poverty alleviation, planning to ensure that more than 1.03 million people in poverty in the city will be lifted out of poverty by 2020. Up to now, the Group has donated RMB7 billion to the poverty alleviation fund, helping 905,000 people achieve poverty alleviation at the first stage. Among which, Qianxi County, Dafang County, Qixingguan District and Zhijin County have officially come off the list of poverty-stricken areas. In addition, the Group also donated RMB750 million to the "2019 Guangdong Poverty Alleviation Day" to help the construction of beautiful villages in Lianping County and Heping County, Heyuan City, Guangdong. At the same time, the Group participated in poverty alleviation works in Eastern and Western China, offering help in Xunwu County, Jiangxi and Zhaotong City, Yunnan.

Regarding education and public health, the Group donated RMB300 million to 清華大學教育發展基金會 (Tsinghua University Education Foundation); RMB198 million to 中國科學院 (Chinese Academy of Sciences); RMB100 million to 廣東省中山大學教育發展基金會 (Sun Yat-Sen University Education Development Foundation (Guangdong)); RMB200 million to 陝西省慈善協會 (Shaanxi Charity Association); RMB20 million to 北京協和醫學院教育基金會 (the Education Foundation of Peking Union Medical College); and RMB380 million to Taikang County, Zhoukou City, Henan. Furthermore, the Group has also continued to deepen its cooperation with top institutions around the world such as Harvard University and Tsinghua University to encourage the research, application and promotion of green architecture.

As far as promoting employment is concerned, the Group recruited talents from major universities and the whole society, and provided a good employment and development platform for various types of professionals, solving employment involving more than 2.6 million personnel annually.

As for sports, the Group continued to make contributions to China's sports development. Guangzhou Evergrande Taobao Football Club won the Champion in the 2019 Chinese Super League, setting the record of the first team with eighth trophies in the history of the Chinese Super League. Evergrande Football School won 15 champions in various competitions in 2019 and 63 students were selected into the national team at various levels for 119 times. The Group also successfully organized the Evergrande 2019 World Snooker China Championship, which is an A-grade international snooker championship.

After the outbreak of the COVID-19, the Group proactively assumed its social responsibility to combat the epidemic. The Group donated RMB200 million in cash and 5,000 tonnes of fresh vegetables to Wuhan right away, helping millions of citizens in Wuhan to overcome the difficult times. We also donated RMB100 million to the Chinese Academy of Medical Sciences, and established the Research Fund for Innovative Anti-Virus Drug. Evergrande, as the program coordinator, jointly established the Task Force for Scientific Research on COVID-19 with Harvard University and the research team led by Zhong Nanshan. RMB800 million will be provided to support scientific research in the coming 5 years. In addition, the Group donated RMB100 million to Red Cross Society of China, and established the International Anti-Epidemic Aid Fund to support the launch of international anti-epidemic aid works by the state.

AWARDS

In 2019, the Group won 92 various honourary awards, including 37 international and national awards. They mainly include: included on the list of the Fortune Global 500 for the fourth consecutive year, ranking 138th among the Global 500 and 16th among the China Top 500; ranked 81st in the Brand Finance Global 500 and secured a place in the top 20 Chinese brands; ranked first among the Top 500 China Real Estate Developers and the Top 100 China Real Estate Developers for the third consecutive year. It also won first place among the Top 10 Companies with Comprehensive Strength and Top 10 Responsible Real Estate Companies.

With respect to social responsibility, the Group won first place in the Model Company on Poverty Alleviation of 2019, and was awarded the title of Model Company of Targeted Poverty Alleviation Contribution of 2019 and the Best Targeted Poverty Alleviation Award of 2019, etc. Mr. Hui Ka Yan, the chairman of the Board, was honoured as one of the Best 30 people in 30 Years of the China Foundation for Poverty Alleviation and was commented as China's First Philanthropist for the fourth time by Forbes.

The above awards fully demonstrated the trust and recognition from the government and all sectors of the society for the operation and development of the Group, and they will serve as driving force for the Group's continued ascension to the peak. The Group will continue to give play to its advantages in scale, brand and team, and be determined to surpass and never stop progressing in the future.

HUMAN RESOURCES

As at 31 December 2019, the Group had a total of 133,123 employees, of whom approximately 90% were graduates with bachelor's degree or above in property development or construction, forming a team of young, highly educated and high-quality personnel. During the Year, the Group recruited 1,568 fresh graduates through open recruitment, including 254 fresh graduates from top 15 colleges and universities such as Peking University and Tsinghua University. There were 49,695 experts recruited who reported duty.

The Group organized various culture-building activities from multiple dimensions so as to establish good channels for training and enhancement, cross-field development and remodeling for its employees. In order to improve the comprehensive quality of employees and strengthen talents pool, the Group continued to organize the postgraduate course for Master of Project Management with Tsinghua University in 2019. The Group organized approximately 130,982 training sessions and professional seminars for staff at headquarters, regional companies and industry groups throughout the Year and trained approximately 2,204,260 staff in aggregate. The total training hours amounted to approximately 223,298 hours with approximately 1.7 hours per session.

The Group firmly believes that talent is the most important corporate resource and always adheres to a people-oriented human resources development strategy, creating a sound working environment featuring harmonious development and positive interaction between the Group and its staff. For the year ended 31 December 2019, total staff costs (including directors' emoluments) of the Group were approximately RMB27.24 billion (for the year ended 31 December 2018: approximately RMB24.22 billion).

FINAL DIVIDEND

The Board recommended the payment of a final dividend of RMB0.653 per Share for the year ended 31 December 2019. The payment of the final dividend is subject to approval by the shareholders at the forthcoming annual general meeting of the Company. Further details about the final dividend payment, including the record date, expected payment date of the final dividend and exchange rate, will be set out in the circular of the Company to be despatched to the shareholders.

REVIEW OF RESULTS

The figures in this preliminary announcement of the results of the Group have been agreed to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2019 by the auditor of the Company, PricewaterhouseCoopers. The work of PricewaterhouseCoopers 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.

ANNUAL GENERAL MEETING

A notice convening the annual general meeting of the Company will be published and dispatched to the shareholders of the Company in the manner required by the Listing Rules in due course.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

On 25 January 2019, the Company issued (1) additional US$1,100 million 7.0% senior notes due 2020 (which were consolidated and form a single series with the US$500 million 7.0% senior notes due 2020 issued by the Company on 23 March 2017); (2) additional US$875 million 6.25% senior notes due 2021 (which were consolidated and form a single series with the US$598.181 million 6.25% senior notes due 2021 issued by the Company on 28 June 2017); and (3) additional US$1,025 million 8.25% senior notes due 2022 (which were consolidated and form a single series with the US$1,000 million 8.25% senior notes due 2022 issued by the Company on 23 March 2017).

On 6 March 2019, Scenery Journey Limited, a subsidiary of the Company, issued US$600 million 9.0% senior notes due 2021.

On 11 April 2019, the Company issued (i) US$1,250 million 9.5% senior notes due 2022 (the "**2022 9.5% Notes**"), (ii) US$450 million 10.0% senior notes due 2023 (the "**2023 10.0% Notes**"), and (iii) US$300 million 10.5% senior notes due 2024 (the "**2024 10.5% Notes**").

On 18 April 2019, the Company issued (a) additional US$200 million 9.5% senior notes due 2022 (which were consolidated and form a single series with the 2022 9.5% Notes); (b) additional US$400 million 10.0% senior notes due 2023 (which were consolidated and form a single series with the 2023 10.0% Notes); and (c) additional US$400 million 10.5% senior notes due 2024 (which were consolidated and form a single series with the 2024 10.5% Notes).

All of the notes issued above are listed and traded on the Singapore Stock Exchange.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2019.

SUBSEQUENT EVENTS

On 22 January 2020, the Company issued (i) US$1,000 million 11.5% senior notes due 2023, and (ii) US$1,000 million 12.0% senior notes due 2024.

On 24 January 2020, Scenery Journey Limited, a subsidiary of the Company, issued (i) US$2,000 million 11.5% senior notes due 2022, and (ii) US$2,000 million 12% senior notes due 2023.

All of the notes above are listed and traded on the Singapore Stock Exchange.

MODEL CODE ON SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set forth in Appendix 10 of the Listing Rules as the code of conduct for securities transactions conducted by the directors. Having made due and careful enquiries with the directors, the Company confirmed that for the year ended 31 December 2019, all directors always abided by the Model Code.

CORPORATE GOVERNANCE

The Company has been in compliance with all code provisions of the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the year ended 31 December 2019 save for the following deviation:

In respect of code provision E.1.2, the chairman of the Board, Mr. Hui Ka Yan, did not attend the annual general meeting of the Company held on 6 June 2019 due to his other business commitment. Mr. Huang Xiangui, an executive Director, was appointed chairman of the meeting.

REVIEW OF CONSOLIDATED FINANCIAL INFORMATION

The Audit Committee of the Company consists of all of the independent non-executive directors of the Company, namely Mr. Chau Shing Yim, David, Mr. He Qi and Ms. Xie Hongxi. The Audit Committee assists the Board in providing an independent review of the completeness, accuracy and fairness of the financial statements of the Group, as well as the efficiency and effectiveness of the Group's operations and internal controls. The Audit Committee has reviewed the annual results of the Group for the year ended 31 December 2019, and discussed with the Company's management regarding the review, internal controls and other relevant matters.

ANNOUNCEMENT OF FULL YEAR RESULTS ON THE STOCK EXCHANGE'S WEBSITE AND THE COMPANY'S WEBSITE

The announcement of full year results have been published on the Company's website (http://www.evergrande.com) and the website appointed by the Stock Exchange (http://www.hkexnews.hk).

ACKNOWLEDGEMENT

The steady development of the Group has been blessed with the trust and support of its shareholders, investors and business partners as well as the loyalty of our staff members. On behalf of the Board, I hereby express my heartfelt gratitude towards them.

By Order of the Board
China Evergrande Group
Hui Ka Yan
Chairman

Hong Kong, 31 March 2020

As at the date of this announcement, the executive Directors are Mr. Hui Ka Yan, Mr. Xia Haijun, Ms. He Miaoling, Mr. Shi Junping, Mr. Pan Darong and Mr. Huang Xiangui, and the independent non-executive Directors are Mr. Chau Shing Yim, David, Mr. He Qi and Ms. Xie Hongxi.