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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 2021

FINANCIAL HIGHLIGHTS

- For the year ended 31 December 2021, the Group together with its joint ventures and associates achieved contracted sales attributable to the shareholders of the Company of approximately RMB558.00 billion with contracted sales GFA attributable to the shareholders of the Company of approximately 66.41 million sq.m..
- For the year of 2021, the Group's cash collected from attributable contracted sales amounted to approximately RMB502.20 billion with a cash collection ratio of 90%.
- During the year, the Group recorded total revenue of approximately RMB523.06 billion, representing a year-on-year increase of 13.0%.
- During the year, the Group recorded gross profit of approximately RMB92.78 billion, net profit of approximately RMB40.98 billion and the core net profit attributable to the owners of the Company¹ of approximately RMB26.93 billion.
- During the year, the Group's selling and marketing costs and administrative expenses amounted to approximately RMB28.83 billion, representing a year-on-year decrease of 0.5 percent points as a percentage of revenue.
- As at 31 December 2021, the Group's available cash² amounted to approximately RMB181.30 billion, total debt decreased to approximately RMB317.92 billion, with a net gearing ratio of 45.4% which decreased by 10.2 percent points comparing with that as at 31 December 2020. And as at 31 December 2021, the weighted average borrowing cost decreased by 36 basic points to 5.20% comparing with that as at 31 December 2020.
- The Board recommended payment of a final dividend of RMB10.12 cents per share (the shareholders may choose to receive dividends in cash and/or in shares). The total annual dividends reached RMB31.10 cents per share, which equal 26.2% of the core net profit attributable to the owners of the Company.

¹ The core net profit to the owners of the Company represents realized earnings of this year attributable to owners of the Company excluding effects such as fair value changes and net foreign exchange gains/losses.

² It represents the sum of cash and cash equivalents and restricted cash.

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 2021.

BUSINESS REVIEW AND OUTLOOK

Country Garden celebrates its 30th anniversary this year. It has been upholding its corporate spirit of “good for people and good for society” since its establishment. It builds high-quality yet affordable housing as a practitioner in China’s new urbanization process. In the course of the Company’s development, thanks to the opportunities afforded by an epoch of great social change and the entire staff for their diligence, Country Garden started off in Shunde, Guangdong, and are now journeying into global markets. During the journey, Country Garden has encountered challenges but has overcome and kept scaling new heights. Country Garden dedicates itself to building quality housing and good communities, and takes the business to the next level by branching out into smart construction and modernization of agriculture, and by participating in the meaningful work of rural revitalization and poverty alleviation. Country Garden is a diversified technology company that creates a happy life for the world.

In the past year, the property development sector underwent turbulences and upheavals, the property market cooled down and the financial institutions’ risk preference started to shrink. This has posed big challenges to all industry participants. However, the challenges that the Company is facing involve new opportunities. China’s new type of urbanization still has a long way to go, the desire for a good life will always remain in people’s hearts. The reasonable house purchasing demands of “new citizens” should be fulfilled. As a well-established company with a history of 30 years, Country Garden prospers and constantly better itself with experiences and practices, keeps enhancing the Company’s overall competitiveness throughout property projects’ life cycle and sticks to high-quality development. Only then can Country Garden expect to succeed in surmounting the ups and downs of the economic and industry cycles, and only the most competitive enterprises can succeed in the market.

For the year ended 31 December 2021 (“**Year**”), the Group and its joint ventures and associates together recorded approximately RMB558.00 billion in contracted sales attributable to the shareholders of the Company. In particular, 68% of the sales revenue were derived from tier 3 and 4 cities. The overall sell-through rate for the whole year reached 67%. Cash collected from property sales attributable to the shareholders of the Company was RMB502.20 billion with a cash collection ratio higher than 90% for 6 consecutive years. During the Year, the Group recorded revenue of approximately RMB523.06 billion, net profit of approximately RMB40.98 billion and approximately RMB26.93 billion in core net profit attributable to the owners of the Company.

As at the end of 2021, the Group had entered contracts to acquire or had already acquired a total of 3,216 property projects in mainland China. It had footholds in 299 municipal administrative regions³ and 1,425 counties/townships in 31 provinces/autonomous regions/municipalities with saleable resources totaling approximately RMB1,484.6 billion. When it comes to making decision about investment, the Company insists on its investment standards, and actively furthering the development of the property markets of the urban areas in cities of various tiers so that it has a balanced geographical market coverage nationwide. It also firmly applies its criteria for assessing what property projects are worth investing in and opportunely acquires lands. During the Period, the Company acquired 333 property projects at a total attributable cost of RMB141.62 billion, in which 85% of the lands were acquired in the five biggest metropolitan areas in mainland China and 29% of the lands were acquired through diverse channels. The premium land bank provides strong supports to Company's future financial results.

The Company continued with its prudent approach on financial management, enhancing the stability of its financial position and thus manifesting its resilience in surmounting the fluctuations in economic and industry cycles. As at 31 December 2021, the Group had available cash of RMB181.30 billion; total interest-bearing debts decreased to RMB317.92 billion with net gearing ratio of 45.4%, which was down by 10.2 percent points compared with that at the end of the previous year; its weighed average borrowing cost decreased by 36 basis points to 5.20% compared with that at the end of the previous year. We firmly believe that a sound and healthy financial position gives the best support to the Company to surmount the ups and downs in economic and industry cycles. During the Year, the controlling shareholder increased its holding in the Company on 29 trading days by a total of approximately 328 million shares at the average prices that range from HK\$7.23 to HK\$9.99 per share. The increased holding accounted for approximately 1.42% of the total issued share capital of the Company. This demonstrated the controlling shareholder's confidence about the Company's prospect and its recognition of its enterprise value.

Technology is driving social progress as an inexorable force. Three years ago, the Company decided to transform itself into a hi-tech enterprise by engaging in robotics and modern agriculture, aiming to transform the modes of production, business operation and lifestyle service with technology. The policy level has recently issued the "14th Five-year Plan for the Development of Construction Industry" and the "14th Five-year Plan for the Development of Robotics Industry" to foster the progress of intelligentization, industrialization and digitalization in construction industry. This has strengthened Country Garden's faith and boosted its determination to well develop the smart construction business. At the Beijing 2022 Winter Olympics, catering robots operated round the clock to provide good catering service and contributed to pandemic prevention by reducing the face-to-face contact. They have been praised, both at home and abroad,

³ Municipal administrative region includes prefecture-level cities, prefectures, autonomous prefectures, leagues, provincial-controlled divisions.

for helping to popularize the intelligentization of catering service at the Winter Olympics and making the service more efficient and safer. Harnessing the power of technology can add impetus to the Company's future growth. The technology businesses that Country Garden have been running in recent years will soon turn into the company's second growth curve, creating value for society and customers.

Presently, Guangdong Bright Dream Robotics Co., Ltd. ("**Bright Dream Robotics**") has achieved many preliminary results. It has established an intellectual construction system which construction robots serve as the core and is supported by building information modeling (BIM) and digitalization. Such intellectual construction system allows the incorporation of advanced construction technologies, the combined use of new types of plastic formwork and new types of prefabricated construction. The new ways of organizing and managing construction works that compatible with the intellectual construction system, have effectively improved our performances on safety, quality, efficiency and 'green' statistics. Bright Dream Robotics has developed 12 types of construction robot product lines working jointly and separately to perform a range of tasks, including concrete construction, concrete finishing, bricklaying, plastering and interior wall decoration. The robots are capable to work in different construction processes such as structural construction, outer wall construction, basement construction, concrete finishing and interior decoration. As at 31 December 2021, 18 types of construction robots had been commercialized, and put up for sale or leased out. A cumulative total of over 730 units of such construction robots have been delivered and applied to more than 350 construction projects in 25 provinces/autonomous regions/municipalities and had completed a cumulative total floor area of over 7 million sq.m. under construction.

On 30 December 2021, Bright Dream Robotics finished the acceptance testing of the multi-machine construction system of "BIM+FMS+WMS+ Construction Robot" for the first time. Eight types of construction robots and 11 types of ancillary equipment were put into operation together at multi-machine construction projects, thus starting off the experiment of end-to-end smart construction system. This makes construction works as scientific and orderly as an automated conveyor assembly lines, and manifests the cluster effect of multiple construction robots and pieces of ancillary equipment by enabling coordination between them with smart technology. This year, Country Garden will make an all-out effort to roll out an experiment with the application of the smart construction system. Country Garden will first apply the system to its property projects upon successful internal testing. With the advantage of hi-tech, smart construction, the Company will actively involve itself in the States' multi-tiered system of housing supply to contribute to the steady and healthy development of the property market.

In the business of modern agriculture, Country Garden have also made encouraging progress. The high horsepower unmanned tractor and unmanned harvester developed by the Company have debuted at the Model Base of Modern Urban Agriculture in the Guangdong-Hong Kong-Macao Greater Bay Area in Sanshui, Foshan City. This marked the Company's first stride towards the intelligentization of unmanned agricultural machines, the digitalization of agriculture and the development of unmanned farms. Aiming to strengthen agriculture with technology, the Company has established three core operations in its agriculture business segment, namely modernized planting, intelligent agricultural machinery platform and equipment manufacturing, and overseas agriculture on an industrial scale. In future, Country Garden will apply "smart farm" as a new business model and a new type of operation to help the world solve the problem of food security.

The 14th Five-year Plan marks the first five years of our country's striving for its goals set for the second century of the rule of the Communist Party of China. Having thrown in its lot with the whole country, the Company forges ahead in the face of adversity and strive for breakthroughs. Since the establishment of Country Garden, the Group, and its founder have donated a cumulative total of over RMB10 billion to charity and carried out our work in poverty alleviation in 57 counties in 16 provinces, helping 490,000 people to overcome poverty. To consolidate its achievement in poverty alleviation, Country Garden has established a dynamic monitoring mechanism for preventing reversion to poverty. Country Garden has established a multiple tiers diagnostic system to monitor the progress of previous poverty-stricken households and those which had not yet firmly stayed out of poverty, and carried out special poverty alleviation plans to help them. The Company aims to consolidate the success in eradicating poverty with continued participation in rural revitalization, a meaningful mission where our responsibility and social conscience lie.

Carbon emission peak and carbon neutrality are a far-reaching changes. With reverence for nature, Country Garden enthusiastically responds to the national strategy for attaining carbon emission peak and carbon neutrality. Therefore, Country Garden incorporated the concept of sustainable development into the life cycle of our products and the daily operation of the Company. The Company has started setting carbon neutrality targets and planning the work on the campaign. As a company that aims for green development, Country Garden is doing its utmost to fulfil its social and environmental responsibilities. 'Making the world a better place for having us in it' is our corporate mission, the Company will continue to promote high-quality and sustainable development for centuries.

There is no royal road to success. Perseverance is the only way forward!

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2021	2020
	<i>Note</i>	<i>RMB million</i>	<i>RMB million</i>
Non-current assets			
Property, plant and equipment		27,099	26,345
Investment properties		16,302	15,659
Intangible assets		1,370	1,423
Right-of-use assets		4,985	4,858
Properties under development		48,146	106,696
Investments in joint ventures		49,664	41,011
Investments in associates		23,177	22,430
Financial assets at fair value through other comprehensive income		9,894	3,985
Derivative financial instruments		320	812
Trade and other receivables	3	13,414	13,968
Deferred income tax assets		40,057	36,466
		234,428	273,653
Current assets			
Properties under development		1,008,146	1,034,664
Completed properties held for sale		46,354	49,587
Inventories		9,689	10,907
Trade and other receivables	3	406,798	410,937
Contract assets and contract acquisition costs		23,602	21,960
Prepaid income tax		23,823	23,781
Restricted cash		34,346	16,470
Cash and cash equivalents	4	146,954	167,153
Financial assets at fair value through profit or loss		14,207	6,596
Derivative financial instruments		18	101
		1,713,937	1,742,156

		As at 31 December	
		2021	2020
	Note	<i>RMB million</i>	<i>RMB million</i>
Current liabilities			
Contract liabilities		709,255	695,614
Trade and other payables	5	550,591	660,293
Current income tax liabilities		39,160	39,519
Senior notes	6	8,283	2,219
Corporate bonds	7	6,345	25,784
Convertible bonds	8	8	20
Bank and other borrowings		64,382	68,218
Lease liabilities		186	208
Derivative financial instruments		695	1,084
		<u>1,378,905</u>	<u>1,492,959</u>
Net current assets		<u>335,032</u>	<u>249,197</u>
Total assets less current liabilities		<u><u>569,460</u></u>	<u><u>522,850</u></u>
Non-current liabilities			
Senior notes	6	66,786	71,191
Corporate bonds	7	27,815	14,696
Convertible bonds	8	2,160	5,252
Bank and other borrowings		142,143	139,105
Lease liabilities		506	447
Deferred government grants		216	152
Deferred income tax liabilities		28,123	32,472
Derivative financial instruments		1,084	2,532
		<u>268,833</u>	<u>265,847</u>
Equity attributable to owners of the Company			
Share capital and premium	9	38,787	31,495
Other reserves		22,691	17,457
Retained earnings		137,258	126,150
		<u>198,736</u>	<u>175,102</u>
Non-controlling interests		<u>101,891</u>	<u>81,901</u>
Total equity		<u>300,627</u>	<u>257,003</u>
Total equity and non-current liabilities		<u><u>569,460</u></u>	<u><u>522,850</u></u>

CONSOLIDATED INCOME STATEMENT

	Note	Year ended 31 December	
		2021 RMB million	2020 RMB million
Revenue	2	523,064	462,856
Cost of sales		<u>(430,282)</u>	<u>(361,951)</u>
Gross profit		92,782	100,905
Other income and gains – net	10	1,637	2,816
(Losses)/gains arising from changes in fair value of and transfers to investment properties		(227)	13
Selling and marketing costs		(15,316)	(13,752)
Administrative expenses		(13,518)	(13,919)
Research and development expenses		(3,308)	(2,649)
Net impairment losses on financial and contract assets		<u>(1,651)</u>	<u>(1,449)</u>
Operating profit		60,399	71,965
Finance income	11	3,824	7,344
Finance costs	11	(327)	(38)
Finance income – net	11	3,497	7,306
Share of results of joint ventures and associates		<u>5,053</u>	<u>6,258</u>
Profit before income tax		68,949	85,529
Income tax expenses	12	<u>(27,967)</u>	<u>(31,411)</u>
Profit for the year		<u>40,982</u>	<u>54,118</u>
Profit attributable to:			
– Owners of the Company		26,797	35,022
– Non-controlling interests		<u>14,185</u>	<u>19,096</u>
		<u>40,982</u>	<u>54,118</u>

		Year ended 31 December	
		2021	2020
	<i>Note</i>	<i>RMB million</i>	<i>RMB million</i>
Earnings per share attributable to owners of the Company (<i>expressed in RMB yuan per share</i>)			
Basic	14	<u>1.22</u>	<u>1.62</u>
Diluted	14	<u>1.21</u>	<u>1.57</u>
Dividends			
Interim dividend paid	13	<u>4,716</u>	<u>4,528</u>
Final dividend proposed	13	<u>2,343</u>	<u>5,508</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2021	2020
	<i>RMB million</i>	<i>RMB million</i>
Profit for the year	40,982	54,118
Other comprehensive income		
<i>Items that will not be reclassified to profit or loss:</i>		
– Changes in fair value of financial assets at fair value through other comprehensive income	409	826
– Revaluation gains on investment properties upon transfers from right-of-use assets	20	–
<i>Items that may be reclassified to profit or loss:</i>		
– Deferred gains/(losses) on cash flow hedges	10	(115)
– Deferred (costs)/gains of hedging	(233)	843
– Currency translation differences	(568)	(753)
Total other comprehensive (loss)/income for the year, net of tax	(362)	801
Total comprehensive income for the year	40,620	54,919
Total comprehensive income attributable to:		
– Owners of the Company	26,451	35,925
– Non-controlling interests	14,169	18,994
	40,620	54,919

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 amendments for the first time for their annual reporting period commencing 1 January 2021:

- Interest rate benchmark reform — phase 2 — Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16

The amendments 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 interpretation not yet adopted

Except for Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16, 'Interest rate benchmark reform — phase 2', which become effective this year, new and amended standards and interpretation to existing standards that have been issued and relevant to the Group but are not effective for the financial year beginning on 1 January 2021 and have not been early adopted:

		Effective for the financial year beginning on or after
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope amendments (amendments)	1 January 2022
Annual Improvements	Annual improvements to HKFRS Standards 2018–2020 cycle	1 January 2022
Accounting Guideline 5 (Revised)	Merger accounting for common control combinations	1 January 2022
Amendments to HKAS 1	Classification of liabilities as current or non-current	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of accounting policies	1 January 2023
Amendments to HKAS 8	Definition of accounting estimates	1 January 2023
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction	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
HKFRS 17	Amendments to HKFRS 17	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 interpretation to existing standards are effective for annual periods beginning on or after 1 January 2022 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 segment 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 and others, such as smart construction, robotic catering, new retail and modern agriculture businesses, which are individually and collectively insignificant for segment reporting purposes.

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

Segment assets consist primarily of property, plant and equipment, intangible assets, right-of-use assets, investment properties, financial assets at fair value through other comprehensive income ("FVOCI"), financial assets at fair value through profit or loss ("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 current income tax liabilities, senior notes, corporate bonds, convertible bonds, bank and other borrowings, derivative financial instruments and deferred income tax liabilities.

Capital expenditure mainly 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:

	2021 <i>RMB million</i>	2020 <i>RMB million</i>
Sales of properties	507,478	449,341
Rendering of construction services	9,360	8,779
Rental income	840	526
Others	5,386	4,210
	<u>523,064</u>	<u>462,856</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 2021 is as follows:

	Property development RMB million	Construction RMB million	Others RMB million	Total RMB million
Revenue from contracts with customers	507,478	56,371	29,146	592,995
– Recognised at a point in time	420,661	–	27,227	447,888
– Recognised over time	86,817	56,371	1,919	145,107
Revenue from other source				
Rental income	–	–	840	840
Segment revenue	507,478	56,371	29,986	593,835
Inter-segment revenue	–	(47,011)	(23,760)	(70,771)
Revenue from external customers	507,478	9,360	6,226	523,064
Share of results of joint ventures and associates	5,088	–	(35)	5,053
Losses arising from changes in fair value of and transfers to investment properties	–	–	(227)	(227)
Depreciation and amortisation expenses of property, plant and equipment, intangible assets and right-of-use assets	619	43	1,725	2,387
Net impairment losses on financial and contract assets	1,521	27	103	1,651
Segment results	<u>67,304</u>	<u>334</u>	<u>(2,068)</u>	<u>65,570</u>
At 31 December 2021				
Total segment assets after elimination of inter-segment balances	<u>1,758,089</u>	<u>31,271</u>	<u>118,610</u>	<u>1,907,970</u>
Investments in joint ventures and associates	<u>71,170</u>	<u>–</u>	<u>1,671</u>	<u>72,841</u>
Capital expenditure	<u>536</u>	<u>102</u>	<u>4,324</u>	<u>4,962</u>
Total segment liabilities after elimination of inter-segment balances	<u>1,151,286</u>	<u>29,857</u>	<u>79,611</u>	<u>1,260,754</u>

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 <i>RMB million</i>	Construction <i>RMB million</i>	Others <i>RMB million</i>	Total <i>RMB million</i>
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 transfers 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	79,977	385	(1,651)	78,711
At 31 December 2020				
Total segment assets after elimination of inter-segment balances	1,828,224	32,884	117,322	1,978,430
Investments in joint ventures and associates	63,244	–	197	63,441
Capital expenditure	994	290	3,883	5,167
Total segment liabilities after elimination of inter-segment balances	1,241,088	31,988	83,638	1,356,714

3 TRADE AND OTHER RECEIVABLES

	2021 <i>RMB million</i>	2020 <i>RMB million</i>
Included in current assets		
– Trade receivables – net (<i>note (a)</i>)	35,984	35,742
– Other receivables – net (<i>note (b)</i>)	297,246	272,910
– Loans to third parties – net	–	11
– Prepayments for land (<i>note (c)</i>)	36,131	67,009
– Other prepayments (<i>note (d)</i>)	37,437	35,265
	<u>406,798</u>	<u>410,937</u>
Included in non-current assets		
– Deposits for acquisitions of companies	13,414	13,968
	<u>420,212</u>	<u>424,905</u>

As at 31 December 2021, the carrying value of trade and other receivables approximated their fair value.

(a) Details of trade receivables are as follows:

	2021 <i>RMB million</i>	2020 <i>RMB million</i>
Trade receivables	36,212	35,955
Less: allowance for impairment	(228)	(213)
	<u>35,984</u>	<u>35,742</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:

	2021 <i>RMB million</i>	2020 <i>RMB million</i>
Within 90 days	30,395	30,238
Over 90 days and within 180 days	2,657	2,593
Over 180 days and within 365 days	2,554	2,542
Over 365 days	606	582
	<u>36,212</u>	<u>35,955</u>

As at 31 December 2021 and 2020, 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 2021, a provision of RMB228 million (31 December 2020: RMB213 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:

	2021 <i>RMB million</i>	2020 <i>RMB million</i>
Amounts due from joint ventures, associates and other related parties	119,356	99,506
Land auction and other deposits	14,407	9,106
Others (i)	<u>169,910</u>	<u>169,088</u>
	303,673	277,700
Less: allowance for impairment	<u>(6,427)</u>	<u>(4,790)</u>
Other receivables – net	<u><u>297,246</u></u>	<u><u>272,910</u></u>

(i) These receivables mainly included current accounts due from the other shareholders of certain subsidiaries, joint ventures and associates of the Group, 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 2021.

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

4 CASH AND CASH EQUIVALENTS

As at 31 December 2021, the balance of cash and cash equivalents was approximately RMB146,954 million (31 December 2020: RMB167,153 million), including guarantee deposits for construction of pre-sale properties of approximately RMB55,145 million (31 December 2020: RMB51,064 million).

5 TRADE AND OTHER PAYABLES

	2021 <i>RMB million</i>	2020 <i>RMB million</i>
Trade payables (<i>note (a)</i>)	285,122	389,384
Other payables (<i>note (b)</i>)	206,711	211,768
Other taxes payable (<i>note (c)</i>)	49,760	49,275
Salaries payable	<u>8,998</u>	<u>9,866</u>
	<u><u>550,591</u></u>	<u><u>660,293</u></u>

As at 31 December 2021, the carrying amounts of trade and other payables approximated their fair values.

- (a) The ageing analysis of trade payables based on the date of the liability recognition on accrual basis is as follows:

	2021 <i>RMB million</i>	2020 <i>RMB million</i>
Within 365 days	280,940	385,232
Over 365 days	<u>4,182</u>	<u>4,152</u>
	<u>285,122</u>	<u>389,384</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 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 amounted to approximately RMB69,163 million (31 December 2020: RMB68,578 million), value-added taxes payable and other taxes.

6 SENIOR NOTES

	2021 <i>RMB million</i>	2020 <i>RMB million</i>
At 1 January	73,410	64,893
Additions (<i>note (a)</i>)	12,240	24,131
Early redemption/repurchase (<i>note (a)</i>)	(7,915)	(5,151)
Repayment upon maturity (<i>note (a)</i>)	(950)	(6,233)
Interest expenses	4,201	4,398
Coupon interest paid	(3,964)	(3,735)
Exchange differences	<u>(1,953)</u>	<u>(4,893)</u>
At 31 December	75,069	73,410
Less: current portion included in current liabilities	<u>(8,283)</u>	<u>(2,219)</u>
Included in non-current liabilities	<u>66,786</u>	<u>71,191</u>

(a) During the year ended 31 December 2021, changes of the Group's senior notes were as follows:

Name of notes	Par value <i>million</i>	Interest rate	Issue date	Term of the notes
Issued during the year:				
2026 Notes IV	USD500	2.700%	12 January 2021	5.5 years
2031 Notes	USD700	3.300%	12 January 2021	10 years
2025 Notes IV – tranche II (i)	USD500	3.125%	18 May 2021	4.4 years
2026 Notes IV – tranche II (ii)	USD200	2.700%	13 July 2021	5 years
Repaid during the year on maturity:				
2021 Notes II	RMB950	5.800%	12 March 2018	3 years
Early redemption during the year:				
2022 Notes III	USD550	7.125%	25 January 2019	3 years
2023 Notes II	USD650	4.750%	28 September 2016	7 years
2026 Notes	USD26	5.625%	15 December 2016	10 years
Repurchase during the year:				
2022 Notes II	USD14	7.125%	27 September 2018	3.5 years

(i) 2025 Note IV — tranche II was consolidated and form a single series with the 2025 Notes IV.

(ii) 2026 Notes IV — tranche II was consolidated and form a single series with the 2026 Notes IV.

7 CORPORATE BONDS

	2021 <i>RMB million</i>	2020 <i>RMB million</i>
At 1 January	40,480	46,400
Additions (<i>note (a)</i>)	18,899	22,155
Repayment	(24,984)	(28,039)
Interest expenses	1,844	2,723
Coupon interest paid	(1,946)	(2,691)
Exchange differences	(133)	(68)
	<hr/>	<hr/>
At 31 December	34,160	40,480
Less: current portion included in current liabilities	(6,345)	(25,784)
	<hr/>	<hr/>
Included in non-current liabilities	<u>27,815</u>	<u>14,696</u>

- (a) During the year ended 31 December 2021, corporate bonds newly issued or refinanced by the Group were listed as follows:

Name of bonds	Par value <i>RMB million</i>	Interest rate	Issue date	Term of the bonds
RMB corporate bonds tranche IV of the Company issued in 2016 – series II*	3,904	5.65%	2 September 2021	2 years
RMB corporate bonds of Guangdong Giant Leap Construction Co., Ltd. (“ Giant Leap ”) issued in 2016 – series II*	492	4.50%	21 October 2021	2 years
RMB corporate bonds of Giant Leap issued in 2021 – tranche I	2,000	4.27%	8 January 2021	4 years
RMB medium-term notes of Giant Leap issued in 2021 – tranche I	1,000	4.70%	6 May 2021	4 years
RMB medium-term notes of Giant Leap issued in 2021 – tranche II	1,270	4.62%	21 July 2021	4 years
RMB medium-term notes of Giant Leap issued in 2021 – tranche III	800	4.69%	12 August 2021	4 years
RMB corporate bonds of Country Garden Real Estate Group Co., Ltd. (“ Country Garden Property ”) issued in 2019 – tranche II*	2,209	4.50%	1 August 2021	2 years
RMB corporate bonds of Country Garden Property issued in 2019 – tranche III*	993	4.98%	20 November 2021	2 years
RMB corporate bonds of Country Garden Property issued in 2021 – tranche I	2,000	4.80%	12 March 2021	5 years
RMB corporate bonds of Country Garden Property issued in 2021 – tranche II	1,100	4.80%	15 June 2021	5 years
RMB corporate bonds of Country Garden Property issued in 2021 – tranche III	1,435	4.33%	14 September 2021	4 years
RMB corporate bonds of Country Garden Property issued in 2021 – tranche IV	1,000	6.30%	17 December 2021	4 years

Name of bonds	Par value <i>RMB million</i>	Interest rate	Issue date	Term of the bonds
RM private corporate bonds of Country Garden Real Estate Sdn. Bhd. (“ Malaysia Country Garden ”) issued in 2021 – tranche VI	160	3.75%	4 March 2021	1 year
RM private corporate bonds of Malaysia Country Garden issued in 2021 – tranche VIII	158	3.75%	5 April 2021	1 year
RM private corporate bonds of Malaysia Country Garden issued in 2021 – tranche IX	79	4.90%	4 May 2021	5 years
RM private corporate bonds of Malaysia Country Garden issued in 2021 – tranche X	92	4.13%	26 July 2021	1 year
The Guaranteed Debentures of Risland (Thailand) Co., Ltd. No. 1/2564 Tranche 2 Due B.E. 2566	76	4.00%	29 September 2021	2 years
The Guaranteed Debentures of Risland (Thailand) Co., Ltd. No. 1/2564 Tranche 1 Due B.E. 2565	110	3.70%	1 October 2021	1 year
The Guaranteed Debentures of Risland (Thailand) Co., Ltd. No. 1/2564 Tranche 3 Due B.E. 2567	72	4.75%	1 October 2021	3 years

* *Refinanced during the year*

8 CONVERTIBLE BONDS

	2021 <i>RMB million</i>	2020 <i>RMB million</i>
Liability component as at 1 January	5,272	5,517
Early redemption	(3,245)	(223)
Interest expenses	577	595
Coupon interest paid	(278)	(304)
Exchange differences	(158)	(313)
	<hr/>	<hr/>
Liability component as at 31 December	2,168	5,272
Less: current portion included in current liabilities	(8)	(20)
	<hr/>	<hr/>
Included in non-current liabilities	<u>2,160</u>	<u>5,252</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 2021, there has been no conversion of the 2023 Convertible Bonds. The Group partially redeemed the 2023 Convertible Bonds at a redemption price equal to 100% of the principal amount redeemed, with an aggregate redemption amount of HKD4,524 million during 2021. The early redemption cost was approximately RMB47 million.

9 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 2020, 31 December 2020 and 2021, HKD0.10 per share	100,000	10,000					
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	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
Issued and fully paid							
At 1 January 2021	22,035	2,203	2,067	31,687	33,754	(2,259)	31,495
Issue of shares as a result of scrip dividend (<i>note 13</i>)	1,100	110	91	7,199	7,290	(127)	7,163
Exercise of employee share schemes	13	1	1	42	43	86	129
At 31 December 2021	23,148	2,314	2,159	38,928	41,087	(2,300)	38,787

10 OTHER INCOME AND GAINS — NET

	2021 <i>RMB million</i>	2020 <i>RMB million</i>
Other income		
– Management and other related service income	1,117	1,064
– Forfeiture income	201	148
– Government subsidy income	540	390
	<u>1,858</u>	<u>1,602</u>
Other (losses)/gains		
– Gains arising from negative goodwill	452	856
– Changes in fair value of derivative financial Instruments	(118)	(488)
– (Losses)/gains on disposals of subsidiaries	(79)	849
– (Losses)/gains on disposals of property, plant and equipment	(33)	37
– Others	(443)	(40)
	<u>(221)</u>	<u>1,214</u>
Total other income and gains – net	<u>1,637</u>	<u>2,816</u>

11 FINANCE INCOME — NET

	2021 <i>RMB million</i>	2020 <i>RMB million</i>
Finance income:		
– Interest income on bank deposits and others	2,138	4,102
– Net foreign exchange gains	1,686	3,242
	<u>3,824</u>	<u>7,344</u>
Finance costs:		
– Interest expenses for bank borrowings, senior notes, corporate bonds and others	(18,076)	(23,229)
– Interest expenses for lease liabilities	(35)	(49)
	<u>(18,111)</u>	<u>(23,278)</u>
Less: amounts capitalised on qualifying assets	<u>18,111</u>	<u>23,278</u>
	–	–
– Early redemption costs of senior notes and convertible bonds	<u>(327)</u>	<u>(38)</u>
Finance income – net	<u>3,497</u>	<u>7,306</u>

12 INCOME TAX EXPENSES

	2021 <i>RMB million</i>	2020 <i>RMB million</i>
Current income tax		
– Corporate income tax	22,915	28,331
– Land appreciation tax	14,583	15,926
	<u>37,498</u>	<u>44,257</u>
Deferred income tax	(9,531)	(12,846)
	<u>27,967</u>	<u>31,411</u>

13 DIVIDENDS

	2021 <i>RMB million</i>	2020 <i>RMB million</i>
Proposed final dividend of RMB10.12 cents (2020: RMB24.98 cents) per share	2,343	5,508
Interim dividend of RMB20.98 cents (2020: RMB20.55 cents) per share	4,716	4,528
	<u>7,059</u>	<u>10,036</u>

The final dividend in respect of 2020 of RMB24.98 cents (equivalent to HKD30.40 cents) per share was approved in the Annual General Meeting of the Company on 24 May 2021. The final dividend totalling RMB5,508 million has been paid partly in new shares of the Company and partly in cash in August 2021. The number of ordinary shares settled and issued as scrip dividends was 431,490,067 and the total amount of dividend paid as scrip dividends was RMB3,375 million while cash dividend amounted to RMB2,133 million.

On 24 August 2021, the Board declared an interim dividend of RMB20.98 cents per share (2020 interim dividend: RMB20.55 cents per share) with the eligible shareholders being given an option to elect to receive such interim dividend all in new shares of the Company, or partly in new shares of the Company and partly in cash, or all in cash. This interim dividend totalling RMB4,716 million has been paid partly in new shares of the Company and partly in cash in November 2021. The number of ordinary shares settled and issued as scrip dividends was 668,418,980 and the total amount of dividend paid as scrip dividends was RMB3,915 million while cash dividend amounted to RMB801 million.

The Board of Directors recommended the payment of a 2021 final dividend of RMB10.12 cents per share, totalling RMB2,343 million with the eligible shareholders being given an option to elect to receive the final dividend all in new shares, or partly in new shares and partly in cash, or all in cash. Such dividend is to be approved by the shareholders at the forthcoming Annual General Meeting. These consolidated financial statements do not reflect this dividend payable.

14 EARNINGS PER SHARE

(a) Basic

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

	2021	2020
Profit attributable to owners of the Company (<i>RMB million</i>)	26,797	35,022
Weighted average number of ordinary shares in issue (<i>million</i>)	<u>21,996</u>	<u>21,641</u>
Earnings per share – Basic (<i>RMB yuan per share</i>)	<u><u>1.22</u></u>	<u><u>1.62</u></u>

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company had four categories of dilutive potential ordinary shares: share options, awarded shares, written call options and convertible bonds. For the share options, awarded shares and written call options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options, awarded shares and written call options. The convertible bonds are assumed to have been converted into ordinary shares. Interest savings on convertible bonds are adjusted to the extent of the amount charged to the profit attributable to owners of the Company, if applicable. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options, awarded shares and written call options and conversion of convertible bonds. Written call options were excluded from the computation of diluted earnings per share as they are anti-dilutive for the years ended 31 December 2020 and 2021.

	2021	2020
Profit attributable to owners of the Company (<i>RMB million</i>)	26,797	35,022
Interest expense on convertible bonds (<i>RMB million</i>)	<u>602</u>	<u>46</u>
Profit attributable to owners of the Company used to determine diluted earnings per share (<i>RMB million</i>)	<u>27,399</u>	<u>35,068</u>
Weighted average number of ordinary shares in issue (<i>million</i>)	21,996	21,641
Adjustments – share options, awarded shares and convertible bonds (<i>million</i>)	<u>706</u>	<u>730</u>
Weighted average number of ordinary shares for diluted earnings per share (<i>million</i>)	<u>22,702</u>	<u>22,371</u>
Earnings per share – Diluted (<i>RMB yuan per share</i>)	<u><u>1.21</u></u>	<u><u>1.57</u></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 increased by 13.0% to approximately RMB523,064 million in 2021 from approximately RMB462,856 million in 2020. 97.0% of the Group's revenue was generated from the sales of properties (2020: 97.1%), and 3.0% from Construction and Others segments (2020: 2.9%).

Property Development

Due to the increase of GFA delivered, revenue generated from property development increased by 12.9% to approximately RMB507,478 million in 2021 from approximately RMB449,341 million in 2020. The recognised average selling price of property delivered (value-added taxes not included) was approximately RMB7,455 per sq.m. in 2021.

Construction

Construction revenue from external parties increased by 6.6% to approximately RMB9,360 million in 2021 from approximately RMB8,779 million in 2020, primarily due to the increase in the construction volume.

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 31.5% to approximately RMB6,226 million in 2021 from approximately RMB4,736 million in 2020.

Selling and marketing costs and Administrative expenses

Benefited by the excellent cost control and the improvement of organization efficiency, the Group's selling and marketing costs and administrative expenses amounted to approximately RMB28,834 million in 2021. It accounted for 5.5% of the revenue in 2021, with a decrease of 0.5 percentage points compared with 2020.

Finance Income — Net

The Group recorded net finance income of approximately RMB3,497 million in 2021 (2020: approximately RMB7,306 million).

In 2021, the Group recorded post-hedging net foreign exchange gains of approximately RMB1,686 million (2020: net foreign exchange gains of approximately RMB3,242 million), interest income of approximately RMB2,138 million (2020: approximately RMB4,102 million), and early redemption costs of senior notes and convertible bonds of approximately RMB327 million in 2021 (2020: approximately RMB38 million). Interest expenses, amounting to approximately RMB18,111 million in 2021 (2020: approximately RMB23,278 million) was fully capitalised on qualifying assets. Interest expenses decreased primarily due to the decrease of total debt and weighted average borrowing cost.

Profit and Core Net Profit Attributable to Owners of the Company

In 2021, the profit attributable to owners of the Company was approximately RMB26,797 million (2020: approximately RMB35,022 million).

After deduction of effects such as fair value changes and net foreign exchange gains/losses from realized earnings, the core net profit attributable to owners of the Company in 2021 was approximately RMB26,932 million (2020: approximately RMB32,362 million).

Liquidity, Financial and Capital Resources

Cash position

As at 31 December 2021, the Group's available cash (equals to the sum of cash and cash equivalents and restricted cash) amounted to approximately RMB181,300 million (31 December 2020: approximately RMB183,623 million), including approximately RMB146,954 million in cash and cash equivalents and approximately RMB34,346 million in restricted cash.

Restricted cash mainly represented unreleased guarantee deposits for construction of pre-sale properties placed in designated bank accounts as at 31 December 2021, and will be released in accordance with certain construction progress.

As at 31 December 2021, 96.9% (31 December 2020: 97.1%) of the Group's available cash was denominated in Renminbi and 3.1% (31 December 2020: 2.9%) was denominated in other currencies (mainly US dollars, HK dollars and Malaysian Ringgit).

Debt Composition

As at 31 December 2021, the Group's bank and other borrowings, senior notes, corporate bonds and convertible bonds amounted to approximately RMB206,525 million, RMB75,069 million, RMB34,160 million and RMB2,168 million respectively (31 December 2020: approximately RMB207,323 million, RMB73,410 million, RMB40,480 million and RMB5,272 million respectively).

For bank and other borrowings, approximately RMB64,382 million, RMB139,005 million and RMB3,138 million will be repayable within 1 year, between 1 and 5 years and beyond 5 years respectively (31 December 2020: approximately RMB68,218 million, RMB132,880 million and RMB6,225 million respectively). As at 31 December 2021 and 31 December 2020, the majority of the bank and other borrowings were secured by certain properties, right-of-use assets and equipment of the Group and secured by the equity interests of certain group companies, and/or guaranteed by the Group.

The Group strictly manages the debt scale. As at 31 December 2021, the total debt decreased to approximately RMB317,922 million, from approximately RMB326,485 million as at 31 December 2020. And the Group continues to optimize its borrowing structure by exchanging high-cost debts with debts at lower cost. Take senior notes as an example, during the year the Group has early redeemed senior notes with par value of USD1,226 million whose interest rates were between 4.750% to 7.125% with the funds of newly issued senior notes with interest rates between 2.700% to 3.300%.

Net Gearing Ratio

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 decreased from approximately 55.6% as at 31 December 2020 to approximately 45.4% as at 31 December 2021.

Key Risk Factors and Uncertainties

The following lists out the key risks and uncertainties the Group is 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. Meanwhile, the Group's operation is subject to a number of risk factors distinctive to property development, property investment and property related businesses, such as 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 which 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 2021, the weighted average borrowing cost of the Group's total debt was 5.20%, decreased by 36 basic points as compared with that as at 31 December 2020. 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 2021, the Group had guarantees in respect of mortgage facilities for certain property buyers amounting to approximately RMB383,217 million (31 December 2020: approximately RMB381,302 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 Group considers that in case of default in payments by property buyers, 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 2021, the Group had provided guarantees amounting to approximately RMB43,221 million (31 December 2020: approximately RMB64,603 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 2021, the Group had approximately 100,705 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 core 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 at enabling employees to become senior management and inter-disciplinary 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

In the past year, the property development sector underwent turbulences and upheavals, this has posed big challenges to all the industry participants. But in the long run, the property sector will eventually get back into a healthy cycle. It is expected that the government will continue to implement a long-term mechanism for real estate market for its steady and healthy development, adhering to the general principle of “houses are for living not for speculation” and the control target of “stabilizing land prices, housing prices and expectation”. There is still a long way to go for China’s urbanization, which still presents both opportunities and challenges for the property sector.

To further enhance value for our shareholders, the Group will focus more on its brand awareness and reputation in established markets and strengthen our competitive edge in these markets. Meanwhile, we will also utilize our advanced 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 above, the Group continues to adopt prudent financial policies and risk control measures, ensure the quality and safety of the buildings, apply a more prudent strategy on new land acquisition, strengthen its contracted sales and cash collection to strengthen operating cash flows and ensure good investment return.

In conjunction with our property development and construction business, the Group has incurred research and development expenses to approximately RMB3,308 million in 2021 and established our diversified business covering smart construction, robotic catering, modern agriculture and new retail. The way forward, we will rely more on the application of artificial intelligence to solve the aging problem of workforce in the construction, industry workforce and the increasing consumer demand for sustainable environment and food safety. At the same time, we will also take full advantages of smart construction and respond to the call of the government by participating in the escrow and agency construction of government housing projects, helping accelerating the process of government-subsidized housing construction, supporting the commodity housing market to better meet the reasonable needs of homebuyers. 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 2021 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 2021. 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 2021, the Company has applied the principles and complied with the code provisions of the Corporate Governance Code (the “**CG Code**”) that were in force as 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 24 May 2021 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 2021. No incident of non-compliance was noted by the Company for the year ended 31 December 2021.

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 2021, share options for 20,199,633 Shares with a fair value on the grant dates of approximately RMB163 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 2021, Power Great had been distributed 8,789,232 and 10,028,345 Shares, and fractional entitlements of 199 and 269 Shares under the scrip dividend scheme in relation to the 2020 final dividend and the 2021 interim dividend of the Company respectively. Except as disclosed, it had not acquired any Shares by other way. During the year ended 31 December 2021, share awards for 32,594,406 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 2021, the total number of Shares in relation to share awards that were granted under the Employee Incentive Scheme was 184,437,920 Shares (being the net number of the Shares after deduction of the exercised and lapsed share awards). As at 31 December 2021, the cumulative total number of the Shares held by Power Great under the Employee Incentive Scheme was 289,205,333 Shares (including Shares which had been granted to the relevant employees with the registration and transfer procedures yet to be completed) (31 December 2020: 281,926,904 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, PARTIAL REPURCHASE OF CONVERTIBLE BONDS, AND ADJUSTMENT TO STRIKE PRICE OF WRITTEN CALL OPTIONS AND ISSUE OF HK\$3,900 MILLION 4.95% CONVERTIBLE BONDS DUE 2026

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 HKD10.47 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 HKD14.89 per Written Call Option and its total number had been adjusted from 696,666,627 to 718,624,601 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 718,624,601 Shares as at the date of this announcement.

During the year ended 31 December 2021, the Issuer had conducted partial repurchase of the 2023 Convertible Bonds in the total amount of HKD4,524 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 HKD3,000 million and the maximum number of Shares that may be issued under the 2023 Convertible Bonds is 286,532,951 Shares. During the year ended 31 December 2021, 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, 15 September 2020, 2 June 2021 and 13 September 2021, and the circular of the Company dated 11 April 2019 for further details.

On 20 January 2022, the Company, the Issuer and UBS AG Hong Kong Branch (the “**Sole Bookrunner**”) entered into an agreement, under which the Sold Bookrunner agreed to subscribe for the 4.95% secured guaranteed convertible bonds due 2026 to be issued by the Issuer in the aggregate principal amount of HKD3,900 million (the “**2026 Convertible Bonds**”). On 28 January 2022, the Issuer issued the 2026 Convertible Bonds in the principal amount of HKD3,900 million. The 2026 Convertible Bonds are listed on Singapore Exchange Securities Trading Limited. As at the date of this announcement, the 2026 Convertible Bonds may be converted into 481,481,481 Shares at the initial conversion price of HKD8.10 per Share during the conversion period under the terms of the 2026 Convertible Bonds, which was determined with reference to the prevailing market price of the Shares (the market price per Share on 20 January 2022 was HKD6.96). The net proceeds from the issue of the 2026 Convertible Bonds was approximately HKD3,861 million. In accordance with the intentions previously disclosed by the Company, part of the net proceeds was applied for (1) partial repurchase of 4.75% senior notes due July 2022 and 4.75% senior notes due January 2023 with principle amount of USD20.6 million and (2) USD47 million equivalent of interest and coupon payment of the Company’s existing offshore indebtedness. The Company intends to apply the remaining net proceeds which are not yet utilised for the refinancing of existing medium to long term offshore indebtedness, which will become due within one year from the issuance of the convertible bond.

Please refer to the announcement of the Company dated 21 January 2022 for further details.

Details of convertible bonds are set out in note 8 to the “NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS” in this announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2021, the Issuer partially repurchased and cancelled the 2023 Convertible Bonds in the total amount of HKD4,524 million from Singapore Exchange Securities Trading Limited, for further details, please refer to the section headed “ADJUSTMENT TO CONVERSION PRICE, PARTIAL REPURCHASE OF CONVERTIBLE BONDS AND ADJUSTMENT TO STRIKE PRICE OF WRITTEN CALL OPTIONS AND ISSUE OF HKD3,900 MILLION 4.95% CONVERTIBLE BONDS DUE 2026” 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 2021. 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 2021, please refer to notes 6, 7 and 8 to the “NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS” in this announcement.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of RMB10.12 cents (2020 final dividend: RMB24.98 cents) per Share for the year ended 31 December 2021 (the “**Final Dividend**”) to Shareholders whose names appear on the registers of members of the Company (the “**Registers of Members**”) on Friday, 10 June 2022 (the “**Record Date**”) (the “**Eligible Shareholders**”), with the Eligible Shareholders being given an option to elect to receive the Final Dividend all in new Shares or partly in new Shares and partly in cash or all in cash (the “**Scrip Dividend Scheme**”).

The proposed Final Dividend shall be declared in RMB and distributed in Hong Kong dollars. The Final Dividend to be distributed in Hong Kong dollars will be converted from RMB at the average central parity rate of RMB to Hong Kong dollars as announced by the People’s Bank of China for the period from Monday, 30 May 2022 to Monday, 6 June 2022.

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 Friday, 8 July 2022. 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 Friday, 12 August 2022.

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 “**2022 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 2022 AGM:

Latest time to lodge transfer documents for registration with the Company’s branch share registrar and transfer office in Hong Kong	At 4:30 p.m. on Thursday, 19 May 2022
Record Date	Thursday, 19 May 2022
Closure of the Registers of Members	Friday, 20 May 2022 to Thursday, 26 May 2022 (both days inclusive)

- (ii) Subject to the passing of the Final Dividend proposal agenda at the 2022 AGM, for determining the Eligible Shareholders' entitlement to the proposed Final Dividend:

Latest time to lodge transfer documents for registration with the Company's branch share registrar and transfer office in Hong Kong At 4:30 p.m. on Wednesday, 8 June 2022

Closure of the Registers of Members Thursday, 9 June 2022 to Friday, 10 June 2022 (both days inclusive)

Record Date Friday, 10 June 2022

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, 30 March 2022

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.