

COUNTRY GARDEN 2018

Interim Report

COUNTRY
GARDEN
Holdings Company Limited
碧桂園控股有限公司



Stock Code: 2007
(Incorporated in the Cayman Islands with limited liability)

What is COUNTRY GARDEN?

As a large enterprise listed on the Main Board of HKEx (Stock code: 2007.HK), Country Garden ranks 353rd on the Fortune Global 500, and 143th on Forbes The World's 2,000 Largest Public Companies. Country Garden not only develops and operates residential communities, but also constructs and manages green, ecological and smart cities. For the first six months of 2018, Country Garden's residential property contracted sales has reached approximately RMB412.5 billion (equivalent to USD 62.3 billion) with an area of 43.89 million sq.m.

Country Garden has been consistently trying to promote residential civilization. Leveraging a craftsmanship professional spirit, and utilizing scientific planning and human-centric design, it aims to build good and affordable housing for the whole world. Such housing typically features complete community public facilities, beautiful landscaping, and safe and comfortable residential environment. Country Garden has developed more than 1,000 residential, business and urban construction projects globally and offers its services to over 3 million property owners.

Country Garden has been making relentless efforts to promote urbanization. With its two decades of urbanization experience, Country Garden has been actively developing Tech Town projects in an attempt to create a good platform for advanced technological innovation and to provide an ecosystem for industrial revitalization. Country Garden recruits talents in high-tech industries including modern agriculture, robotics industry and intelligent manufacturing etc. While cultivating industrial resources for innovative platforms, it extends the industrial chain.

Country Garden has been making steady and strong efforts to promote urbanization. Country Garden is highly popular in China, besides it is also gaining a strong position globally, as it is the developer for Forest City in Malaysia's Iskandar Development Region, lying adjacent to Singapore. Forest City is going to be a city with a substantial focus on sustainable development, integrating business, finance, tourism, culture and entertainment elements. It sets a precedent for construction of a green, ecological and smart city, and serves as a good example for future cities. It won the "Global Human Settlement Planning and Design Award" at the United Nations Conference on Housing and Sustainable Urban Development, and was invited to attend the United Nations Climate Conference. With Forest City's development and operation model as its standard, Country Garden has engaged in community building in Australia, Malaysia, Indonesia, etc.

Country Garden has been consistently pursuing promotion of global commercial civilization, and has been focusing on keeping pace with excellent enterprises around the world. It has worked with global talents, among whom are more than one thousand doctorate degree holders from the most prestigious institutions all over the world, and they have joined Country Garden to become management talents. Since its establishment, Country Garden has committed to becoming an enterprise with a strong awareness of conscience and social responsibility, and it has donated over USD600 million for charities. All Country Garden employees have been trying to benefit people and the society.

We are Country Garden, and we consistently work towards the progress of human society.

Country Garden hopes to create a better world with our existence.



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CORPORATE PROFILE



– Country Garden – Headquarter, Foshan

Country Garden Holdings Company Limited (stock code: 2007.HK) is China's leading largest residential property developer focusing on urbanization. The Group runs a centralized and standardized business model that comprises property development, construction, decoration, property investment, as well as hotel development and management. Country Garden offers a broad range of products to cater for diverse market demands. Its various products include residential projects such as townhouses, condos, as well as car-parks and retail shops. The Group also develops and manages hotels within some of its projects to enhance the potential for property value appreciation. The Group operates independent hotels as well.

Country Garden was listed on the main board of the Stock Exchange on 20 April 2007. The listing not only provided the Group with additional funding to sustain healthy growth in the future, but it also assisted the Group to establish its foothold in the international capital market. Country Garden was well recognized by the market after listing. It was included in the MSCI Global Standard Index on 1 September 2007. It also became constituent stock of the Hang Seng Composite Index and Hang Seng Mainland 100 on 10 September 2007, FTSE China 50 Index on 14 September 2016, Hang Seng China (Hong Kong-listed) 25 Index on 12 June 2017, Hang Seng Index on 4 December 2017 and Hang Seng China 50 Index on 5 March 2018. All the above facts symbolized the capital market's recognition of Country Garden as a major component of the Hong Kong stock market and also strengthened the Group's position in the international capital markets.



– Country Garden – Runyang Valley, Huiyang

Since the beginning, Country Garden has been benefited from the thriving economy of the PRC. It has also expanded its business operation out of Guangdong Province into other regions with high economic growth. As of 30 June 2018, excluding Guangdong Province, Country Garden had property development operations in a number of strategically selected locations in 29 provinces/municipalities/autonomous regions in China. The Group was included in Fortune Global 500 again, ranking 353rd as of July 2018.

Looking forward, Country Garden will continue to focus on real estate business and leverage on various financing measures to strengthen or consolidate different community-related businesses in the property industry chain, to improve the platform for community resources consolidation, and to build an industry chain that covers different stages of life cycles, with an aim of unleashing the value of the Group's assets. The Group will continue to further strengthen its competitive edge as a market leader in the industry.

CORE VALUES



Five-Star PRODUCTS

Ingenuity and attention to details



FIVE-STAR Value System of Country Garden

Five-star CULTURE

Friendly neighborhood



Five-Star AMENITIES

Think of you, do our best



Five-Star ENVIRONMENT

Eco-friendly surrounding



Five-Star SERVICE

Wholeheartedly caring

CORE VALUES

To shape a prosperous future through our conscience and social responsibility awareness

01

**CORPORATE
MISSION**

- To create a better society with our existence

02

**CORPORATE
SPIRIT**

- To benefit people and the society

03

**SERVICE
CONCEPT**

- Five-star living for you

MR. YEUNG KWOK KEUNG :

Country Garden that I dreamed of

- This is an elitist company
- This is a good place for the talents
- This is a place to learn and make progress
- This is a harmonious big family
- This is a company of integrity and commitment, operating in compliance with laws and regulations
- This is a sensible company that constantly corrects itself
- This is a company of equality which rewards excellence
- This is a company that prospers and constantly betters itself with experiences and practices
- This is a company that builds quality and affordable houses for the whole world
- This is a company that excels in social well being, corporate benefits and staff benefits
- This is a company that is highly recognized and appreciated by the society
- This is a company dedicates to the development of human society

CHAIRMAN'S STATEMENT



YEUNG KWOK KEUNG

Chairman

Dear shareholders,

Past and Present

Reminiscing about my early life of humble origins, I am grateful to the present era for the life-changing opportunity.

Poverty has left its mark on my body: every time I look at the scars that a scythe had left on my hands, memories from my early career as a first-generation migrant worker from the rural areas came flooding back to me. I am grateful to have been born into an era when society offers me the opportunity to grow as an entrepreneur, to such an extent that I am able to give back to it.

For the six months ended 30 June 2018, the Group together with its joint ventures and associate companies, achieved contracted sales of approximately RMB412.49 billion. As of 30 June 2018, the Group's

business covered 261 cities and 1,051 counties/townships in 30 provinces in Mainland China. During the period, the Group's revenue increased by 69.7% year on year to approximately RMB131.89 billion; gross profit grew by 104.6% year on year to approximately RMB34.97 billion; net profit increased by 94.9% year on year to approximately RMB16.32 billion; profit attributable to the owners of the Company rose by 72.5% year on year to approximately RMB12.94 billion; and core net profit attributable to the owners of the Company rose by 80.2% year on year to approximately RMB12.95 billion. The Company has made it to the Fortune Global 500 List again and it has improved its ranking in the list to 353rd, up by 114 places. Country Garden is one of the Chinese companies that have improved their rankings significantly in the list.

I left my hometown at the age of eighteen to start a business. Every day, I counted every penny I saved from work and calculated how closer I got to the goal of owning my dream home. Today, 46 years later, I embrace the great changes brought by urbanization

^ **69.7%**

Total revenue

approximately

RMB **131.89** billion

^ **104.6%**

Gross profit

approximately

RMB **34.97** billion

^ **72.5%**

Profit attributable to the owners of the Company

approximately

RMB **12.94** billion

in China's economy. I also fully appreciate the county and township dwellers' burning desire to improve their housing conditions amid the upgrade of China's consumption. I believe that the government's well-timed policies on housing market regulation will result in a sustainable, healthy real estate market which meets people's expectations. Given China's sheer geographical size, there is still huge potential for property development in the country. The ongoing urbanization has presented ample opportunities for Country Garden to make breakthroughs in its development, building more quality, affordable homes for the people.

A company's further development requires a stronger financial position. During the period, the Group collected RMB336.02 billion in cash from property sales and achieved positive operating cash flow again after the years 2016 and 2017. While achieving a year-on-year growth of 42.8% in contracted sales in the first half of 2018, the Group still recorded a net gearing ratio

of 59.0%, which indicated healthy financial condition. Since its listing in Hong Kong, the Group has been maintaining its net gearing ratio at below 70% for eleven consecutive years. Its available cash¹ at the end of the period amounted to approximately RMB209.91 billion, and undrawn bank facilities totalled approximately RMB281.39 billion. The Group has such plentiful working capital that it has been recognized by credit rating agencies for its strong financial position and has thus secured support from major financial institutions.

Reflection and Action

In the past two months, accidents occurred in our construction works. We reflected on the matter and concluded that our inadequate attention to safety contributed to the accidents. To remedy the problem, we are overhauling our management system. For the sustainability of our business, we would rather downshift into a lower year and raise the standards of our business management.

¹ It represents cash and bank deposits (including restricted cash).

CHAIRMAN'S STATEMENT



— Shijie Country Garden, Dongguan

Life is invaluable. On behalf of the management team of the Company, I would like to apologize for all the accidents that had happened in the construction works. We are determined to remedy the safety problems. This is also part of our efforts to fulfill our social responsibility.

As a developer whose business portfolio covers the entire value chain of the property sector, we must achieve excellence in every aspect of the business management in order to meet society's expectations. Aiming to build safe and quality housing, the Group raises the efficiency of management by planning scientifically and refining its business management to improve its safety and quality control measures, including but not limited to the followings:

- 1) Setting up a production safety committee which is headed by myself. The committee will ensure that the Group adheres to the principle of "Putting safety first and being people-oriented";
- 2) Using stringent criteria for selecting business partners in construction works. Only those who attach great importance to safety and quality and are capable to ensure them will be selected;
- 3) Enhancing the supervision of the construction works carried out by the business partners. Stipulating in the construction contracts that the business partners have to ensure the safety of construction works and the quality of buildings when they fulfil the terms of the construction contracts. Construction firms can refuse to execute its employers' orders that can cause safety hazards and can report the cases to the Group's headquarters. Construction works that do not meet safety standards have to be suspended;
- 4) Increasing the effort to train construction workers in practices that ensure safety and quality, and making good practices for safe production an integral part of our corporate culture;



— BIG+ Apartment, Shanghai

- 5) Appointing third-party, independent authorities to supervise construction works to ensure safety and quality. More openings of construction sites to property owners and media, utilizing external supervision;
- 6) Improving safety measures for work under extreme weather and arranging regular self-checks and cross-checks at construction sites of all property projects;
- 7) Stepping up technological innovation to reduce reliance on manual labor, thus minimizing the risk of accidents. In more than 400 property projects, Country Garden has now piloted SSGF². It will apply the technology to more projects once it matures. As an integration of various

2 SSGF: Safe & Share, Sci-tech, Green and Fine & Fast. SSGF is a construction and manufacturing technology that features excellent quality, high speed, high efficiency, safety and environmentally-friendly practices in carrying out such processes as assembly, casting, installation of electromechanical devices and interior decoration of buildings on an industrial scale.

core technologies that enable construction on an industrial scale, the SSGF technology can enhance the quality of the buildings, ensure safety, reduce emissions and save energy.

The Group has been reflecting on the accidents that occurred at some of its construction sites, and is establishing a more comprehensive safety-control system, aiming for zero casualties.

Every building constructed by Country Garden, every window and every pipe of such a building is the product of the hard work of the Group's over 1,000 certified constructors, 3,200 certified engineers, more than 1,100 holders of doctor's degrees and 6,000 designers. Country Garden understands what society expects from it — it will continue to improve and keep building safe, comfortable, and handsome housing. This is also how the Group meets consumers' demand and gives back to society.

CHAIRMAN'S STATEMENT

Innovation and Future

In addition to real estate development, Country Garden actively participates in the revival of rural economy, making the alleviation of poverty its another mainstay business. Founded in a rural village, Country Garden has expanded its business into the international market. Now it tries to introduce internationally advanced technologies and business practices to the rural areas of China. In response to a programme of the revitalization of rural economy stipulated by the 19th National Congress of the Communist Party of China, Country Garden is planning to develop a modern agricultural business. Taking a financially prudent approach to the plan, the Group will try to introduce modern agricultural practices of international standards into China's rural villages. This can increase farmers' income and also add impetus to the government's strategy for national development. Since 1997, the Group, my family and I have offered assistance to about 200,000 people through a number of charity programmes on education by opening free high school and vocational schools and setting up tuition aids, revitalization of rural villages, vocational training, and the subsidizing of some rural industries to stem poverty. During the period, the Group carried out its poverty alleviation work to help 340,000 people in 14 counties in nine provinces. Our fight against poverty has been in full swing.

I was a young chap from a rural village who was blessed with the opportunity to develop a career in the urban areas. Country Garden is cooperating with financial institutions in developing a long-term property leasing business. The Company established its long-term property leasing department which prepared itself for the long-term property leasing projects in such first- and second-tier cities as Beijing, Shanghai, Guangzhou, Shenzhen, Wuhan and Xiamen, etc. During the period, more than 21,000 apartments of such projects were under construction, and the total number of the apartments of such long-term property leasing projects secured by the Group was over 24,000. This year, 46 projects in 12 cities are expected to commence operation to ensure sufficient housing supply. Whether it sells or leases out flats, Country Garden remains

committed to its mission which is to provide five-star living for the people.

Country Garden has switched from rudimentary practices to science and technology as it has evolved into a modern enterprise that seeks sustainable development. In fact, investing in the field of technology is a good way of contributing to the national development. Country Garden is planning a robot business. It will focus on core robotic technologies and develops intelligent manufacturing through research on and development of Internet of Things (IoT), artificial intelligence (AI), cloud computing and big data platform that can support the development of the Group's real estate-related businesses and raise the level of automation. It will conduct research and development in the field of robotics through cooperation with tertiary institutions, research institutes and enterprises, and business incubators. We aim to develop such products as culinary robots, robots that can conduct inspection, robots that can carry out interior decoration and robots for modern agriculture. We plan to establish a base for research on and development of robots in Shunde, Guangdong with emphasis on smart technology. Experts and academicians in the field of robotics will be recruited to the research team of the base. In the same way as the Company successfully spun off its property management business through a separate listing on 19 June 2018, Country Garden will seek to unlock the potential value of its real estate-related businesses, thus rewarding investors for their trust in and support for it.

Introspection and Outlook

As an enterprise under the spotlight, the Group must pursue excellence in safety and quality in addition to growth in scale of business. Country Garden aspires to become a long-lasting enterprise that creates value for society and capital market in a sustainable manner. To attain this goal, the whole staff should work as a cohesive group for the common good while running the business. Since its establishment, Country Garden has been working to improve the well-being of society. If this is not our primary objective, all our efforts will be meaningless. As an active participant in the country's

CHAIRMAN'S STATEMENT

new type of urbanization, Country Garden builds homes for urban dwellers where they can turn their dream of living a good life into reality. The Group should be dedicated to working for millions of home owners, and fulfilling its responsibilities towards over 200,000 staff members³ and numerous other stakeholders including investors. Every one working at Country Garden shall always be grateful to society and our clients, and also has respect for life — we should do our best to ensure safety and quality of our construction works and deliver quality products to the buyers.

Safety and quality are the cornerstones of a company's sustainable development. To build safe, reliable, environmentally friendly, five-star homes for the people, the entire staff and I will work diligently, responsibly and unremittingly. This is also our way to contribute to society's well-being.

Go above and beyond with prudence.

Join us.

3 Including Country Garden Services Holdings Company Limited and companies in other business segments such as design.

BUSINESS OVERVIEW

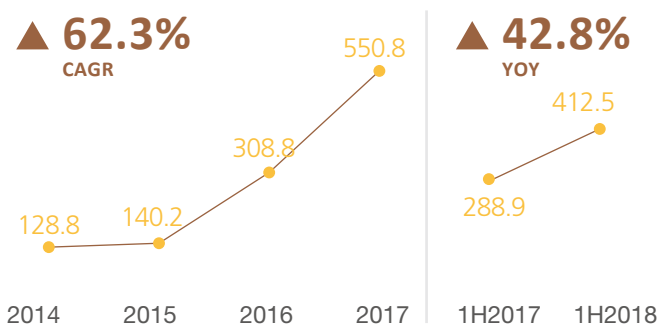
PROPERTY DEVELOPMENT

Contracted Sales

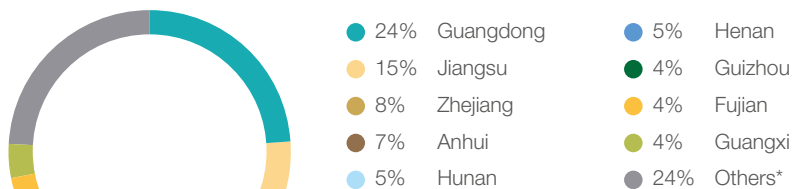
In the first half of 2018, the Group together with its joint ventures and associates reached approximately RMB412.49 billion contracted sales, with contracted gross floor area of approximately 43.89 million sq.m. of which approximately RMB310.82 billion and 33.89 million sq.m. were attributable to owners of the Company.

From 2014 to 2017, the contracted sales compound annual growth rate was approximately 61.4%, and contracted sales in the first half of 2018 increased by 42.8% as compared with the first half of 2017. In the first half of 2018, the contracted sales outside Guangdong Province was around 76% of that of the Group, reflecting the Group's efforts in geographic diversification.

Contracted Sales (RMB billion)

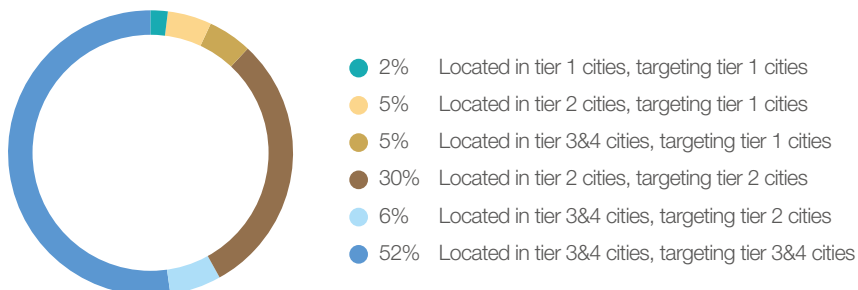


Geographical breakdown of contracted sales in the first half of 2018



Others* includes Shandong, Hubei, Hainan, Shaanxi, Hebei, Jiangxi, Sichuan, Gansu, Liaoning, Chongqing, Shanxi, Malaysia, Shanghai, Yunnan, Tianjin, Qinghai, Beijing, Inner Mongolia, Ningxia, Thailand, Jilin, Heilongjiang, Indonesia, Australia.

Contracted sales breakdown in Mainland China by city type in the first half of 2018

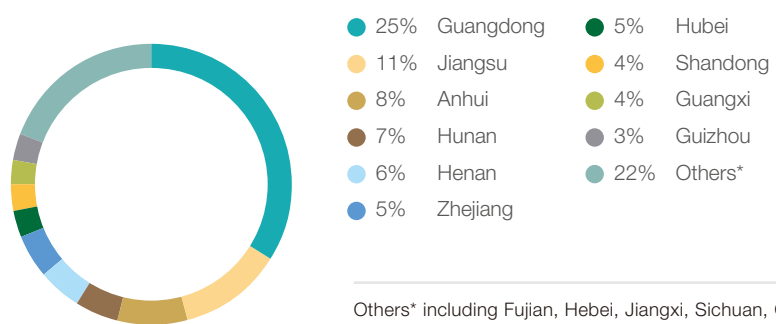


Landbank — Mainland China

As of 30 June 2018, the acquired GFA in Mainland China of the Group together with its joint venture and associates was 364.20 million sq.m.. 75% of the landbank was located outside of Guangdong province. By development stage around 45% of the landbank was under construction, and 23% was presold.

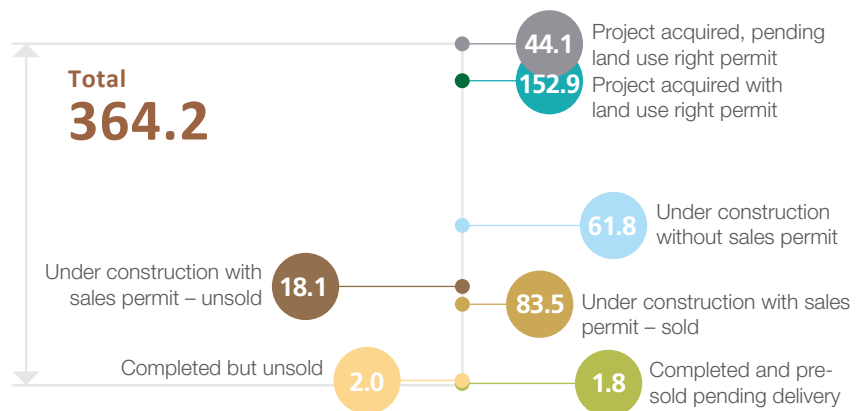
The acquired GFA in Mainland China attributable to the owners of the Company was 229.50 million sq.m..

Landbank GFA breakdown by location in Mainland China



Others* including Fujian, Hebei, Jiangxi, Sichuan, Chongqing, Shaanxi, Hainan, Yunnan, Liaoning, Tianjin, Inner Mongolia, Shanxi, Gansu, Beijing, Shanghai, Qinghai, Ningxia, Xinjiang, Jilin, Heilongjiang.

Landbank GFA breakdown by development stage in Mainland China (million sq.m.)



BUSINESS OVERVIEW

Project Location

As of 30 June 2018, the Group operated 2,003 projects under different development stages. 1,991 of these projects were located in Mainland China and 12 outside Mainland China.



As of 30 June 2018,
the Group's

1,991 projects

in Mainland **China**

were located as follows.





BUSINESS OVERVIEW

Top 100 projects with the highest contracted sales in the first half of 2018 in Mainland China

Serial number	Project	City (District)	Aggregate saleable GFA for entire project sq.m.	Interest attributable to the Company (%)	Completed property developments ⁽¹⁾			Completion date
					Total completed saleable GFA sq.m.	Total saleable GFA sold and delivered sq.m.	Total saleable GFA pre-sold pending delivery sq.m.	
1	Country Garden – Phoenix City (碧桂園•鳳凰城)	Xi'an (Weiyang)	1,607,280	85%	362,342	357,307	4,023	10/Jun/18
2	Country Garden – Phoenix City (碧桂園•鳳凰城)	Zhenjiang(Jurong)	6,967,790	100%	2,774,612	2,580,615	136,164	30/May/18
3	Lanzhou Country Garden (蘭州碧桂園)	Lanzhou(Chengguan)	2,684,894	100%	1,565,937	1,549,236	171	29/Jun/18
4	Country Garden Shenhui City (碧桂園深薈城)	Huizhou(Huiyang)	466,756	83%				
5	Country Garden Forest One (碧桂園天麓1號)	Qiananzhou (Longli)	797,969	85%	125,116	124,311	229	24/Jan/18
6	Country Garden – Century City (碧桂園•世紀城)	Suzhou (Kunshan)	366,651	85%				
7	Country Garden – Jiyang Mansion (碧桂園•暨陽府)	Wuxi (Jiangyin)	792,858	85%				
8	Country Garden Jade Hill (碧桂園翡翠山)	Huizhou (Dayawan)	767,337	43%	115,782	113,619		22/Dec/17
9	Country Garden – Park Palace (碧桂園•公園上城)	Huizhou (Dayawan)	1,075,031	51%	266,962	245,087	3,716	9/Feb/18
10	Fuyong Country Garden – Lingyu (福永碧桂園•領寓)	Shenzhen (Baoan)	116,558	100%				
11	Lunjiao Country Garden (倫敦碧桂園)	Foshan(Shunde)	445,850	95%	186,270	182,209	4,061	3/May/18
12	Country Garden – Gui'an One (碧桂園•貴安1號)	Guiyang (Gui'an)	835,729	85%	78,973	78,973		7/Dec/17
13	Country Garden – Central Mansion (碧桂園•中央首府)	Haikou(Longhua)	351,408	85%				
14	Country Garden – Runyang Valley (碧桂園•潤揚溪谷)	Huizhou(Huiyang)	1,789,479	45%				
15	Country Garden – Gui'an Mansion (碧桂園•貴安府)	Fuzhou (Lianjiang)	236,927	75%				
16	Country Garden – Longyue (碧桂園•龍悅)	Wenzhou (Lucheng)	124,657	95%				
17	Sanya Country Garden (三亞碧桂園)	Sanya (Tianya)	65,011	85%				
18	Country Garden – Golden Era (碧桂園•黃金時代)	Fuyang (Yingzhou)	399,003	50%				
19	Country Garden – Yanshan Mansion (碧桂園•燕山公館)	Changzhou (Liyang)	311,451	85%	85,345	85,345		15/May/18
20	Country Garden Hill Lake City (碧桂園山湖城)	Qingyuan(Qingcheng)	1,548,104	85%	823,818	819,798		22/Mar/18
21	Country Garden – Lingnan Shengshi (碧桂園•嶺南盛世)	Foshan (Chancheng)	234,196	94%				

BUSINESS OVERVIEW

Total saleable GFA under development sq.m.	Properties under development ⁽²⁾			Properties for future development ⁽³⁾			GFA for future development with land use right permit sq.m.
	Total saleable GFA pre-sold sq.m.	Actual/ Estimated pre-sale commencement date	Estimated completion date	GFA for future development sq.m.	Estimated pre-sale commencement date	Estimated completion date	
1,094,498	891,030	5/Nov/10	3rd Quarter, 2020	150,440	3rd Quarter, 2018	4th Quarter, 2021	
1,266,571	854,914	10/Jan/14	2nd Quarter, 2020	2,453,617	4th Quarter, 2018	4th Quarter, 2024	472,990
718,161	704,578	25/Jul/16	4th Quarter, 2019	400,796	4th Quarter, 2018	2nd Quarter, 2021	
287,269	276,035	27/Apr/17	3rd Quarter, 2019	179,487	1st Quarter, 2019	4th Quarter, 2020	
672,853	648,507	13/Jun/16	4th Quarter, 2019				
366,651	355,013	2/Aug/16	4th Quarter, 2019				
348,918	329,381	27/Apr/17	4th Quarter, 2019	443,940	4th Quarter, 2018	2nd Quarter, 2021	
454,252	238,192	18/May/17	2nd Quarter, 2020	197,303	1st Quarter, 2019	4th Quarter, 2020	
447,055	215,731	7/Apr/17	2nd Quarter, 2020	361,014	4th Quarter, 2018	4th Quarter, 2021	
116,558	91,433	4/Apr/18	4th Quarter, 2019				
259,580	209,119	25/Nov/16	3rd Quarter, 2019				
582,915	550,938	8/Aug/16	4th Quarter, 2020	121,010	3rd Quarter, 2018	4th Quarter, 2021	52,831
351,408	333,146	16/Nov/16	3rd Quarter, 2019				
717,316	261,380	31/Mar/17	4th Quarter, 2020	1,072,163	4th Quarter, 2018	4th Quarter, 2022	
116,222	116,138	22/Sep/17	3rd Quarter, 2019	120,705	4th Quarter, 2018	2nd Quarter, 2020	
124,657	122,280	23/May/17	3rd Quarter, 2019				
65,011	64,159	30/Sep/17	2nd Quarter, 2019				
399,003	192,095	22/Jun/17	2nd Quarter, 2020				
226,106	207,407	20/May/17	3rd Quarter, 2019				
386,054	353,743	14/Jun/17	2nd Quarter, 2020	338,232	3rd Quarter, 2018	4th Quarter, 2021	
138,788	100,225	21/Dec/17	4th Quarter, 2019	95,408	3rd Quarter, 2018	2nd Quarter, 2020	

BUSINESS OVERVIEW

Serial number	Project	City (District)	Aggregate saleable GFA for entire project sq.m.	Interest attributable to the Company (%)	Completed property developments ⁽¹⁾			Completion date
					Total completed saleable GFA sq.m.	Total saleable GFA sold and delivered sq.m.	Total saleable GFA pre-sold pending delivery sq.m.	
22	Chaozhou Country Garden (潮州碧桂園)	Chouzhou(Xiangqiao)	652,450	85%				
23	Country Garden – Long Yue (碧桂園•瓏悅)	Taizhou (Jiaojiang)	184,383	95%				
24	Country Garden – Xiliu Lake (碧桂園•西流湖)	Zhengzhou (Gaoxin)	371,279	46%				
25	Country Garden – College Impression (碧桂園•大學印象)	Zhenjiang(Jurong)	495,168	77%	223,719	223,719		25/Jun/18
26	Country Garden – Jade Mansion (碧桂園•翡翠華府)	Zhenjiang(Jurong)	551,903	85%	208,398	208,398		11/May/18
27	Country Garden – Ten Miles Jiangnan (碧桂園•十里江南)	Suzhou (Wujiang)	218,037	37%				
28	Chongmingdao Country Garden (崇明島碧桂園)	Nantong (Qidong)	388,448	68%				
29	Country Garden – Golden Elephant Mansion (碧桂園•金象公館)	Huzhou (Nanxun)	202,224	94%				
30	Country Garden – Daming Mansion (碧桂園•大名府)	Nantong(Qidong)	576,414	89%	144,758	140,433	4,056	25/Jun/18
31	Country Garden Poly – Tian Qi (碧桂園保利•天啓)	Zhongshan (Nanlang)	241,291	48%				
32	Country Garden – Longcheng Tian Yue (碧桂園•龍城天悅)	Zhengzhou (Zhongyuan)	557,901	94%				
33	Country Garden – Ten Miles Golden Beach (碧桂園•十里金灘)	Yantai(Haiyang)	2,208,856	90%	727,173	679,290	4,446	30/Apr/18
34	Country Garden – Phoenix City (碧桂園•鳳凰城)	Zhongshan(Nanqu)	1,126,406	72%	144,317	6,141	134,385	29/Jun/18
35	Huiyang Country Garden (惠陽碧桂園)	Huizhou(Huiyang)	1,143,180	90%	733,149	729,597		15/Dec/17
36	Shatian Country Garden (沙田碧桂園)	Dongguan(Shatian)	332,821	87%	83,283	72,228	157	25/May/18
37	Country Garden – Coral Palace (碧桂園•珊瑚宮殿)	Lingshui(Yingzhou)	1,476,951	49%	593,315	591,634		20/Jun/18
38	Country Garden Taidong Tianyue Bay (碧桂園•太東天樾灣)	Huizhou(Dayawan)	2,007,738	40%				
39	Country Garden – Phoenix City (碧桂園•鳳凰城)	Ji'nan(Zhangqiu)	611,598	100%	304,002	303,755	103	12/Feb/18
40	Country Garden City Garden (碧桂園城邦花園)	Zhanjiang(Mazhang)	668,739	93%	113,297	111,903		25/Jun/18
41	Country Garden – Tianyue Bay Mansion (碧桂園•天悅灣名邸)	Suzhou(Taicang)	155,435	85%	54,135	50,378	3,352	31/May/18
42	Country Garden – Huafu Phoenix City (碧桂園•華附鳳凰城)	Shanwei(Haifeng)	759,877	47%	15,788	15,788		19/Jun/18
43	Country Garden – The Cullinan (碧桂園•天璽)	Wenzhou(Ruian)	145,337	60%				

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Total saleable GFA under development sq.m.	Properties under development ⁽²⁾			Properties for future development ⁽³⁾			
	Total saleable GFA pre-sold sq.m.	Actual/ Estimated pre-sale commencement date	Estimated completion date	GFA for future development sq.m.	Estimated pre-sale commencement date	Estimated completion date	GFA for future development with land use right permit sq.m.
652,450	528,789	16/Dec/16	2nd Quarter, 2020				
148,862	134,043	13/Oct/17	3rd Quarter, 2019	35,521	3rd Quarter, 2018	4th Quarter, 2019	
371,279	122,536	12/Dec/17	4th Quarter, 2020				
170,772	123,659	22/Jul/16	2nd Quarter, 2020	100,677	4th Quarter, 2018	4th Quarter, 2020	
267,849	191,510	22/Jul/16	2nd Quarter, 2020	75,656	4th Quarter, 2018	4th Quarter, 2020	
218,037	119,083	8/Dec/16	3rd Quarter, 2019				
388,448	385,471	14/Apr/17	4th Quarter, 2019				
202,224	156,087	7/Dec/17	3rd Quarter, 2019				
296,623	187,526	29/Sep/16	4th Quarter, 2019	47,091	4th Quarter, 2018	2nd Quarter, 2020	87,942
241,291	111,358	13/Oct/17	4th Quarter, 2019				
557,901	291,089	20/May/17	4th Quarter, 2020				
322,001	241,237	29/Sep/13	2nd Quarter, 2020	1,013,925	4th Quarter, 2018	4th Quarter, 2023	145,757
982,089		3rd Quarter, 2018	2nd Quarter, 2021				
327,885	221,874	31/Oct/17	1st Quarter, 2020	82,146	4th Quarter, 2018	4th Quarter, 2020	
206,556	95,928	19/Oct/17	4th Quarter, 2019	25,478	4th Quarter, 2018	2nd Quarter, 2020	17,504
870,434	648,961	7/Nov/14	4th Quarter, 2020	13,202	4th Quarter, 2018	4th Quarter, 2020	
702,192	229,049	23/Jun/17	4th Quarter, 2020	397,530	1st Quarter, 2019	4th Quarter, 2021	908,016
307,596	302,368	9/Dec/16	2nd Quarter, 2020				
345,226	312,280	29/Jun/17	4th Quarter, 2019	210,216	3rd Quarter, 2018	3rd Quarter, 2020	
101,300	94,431	14/Dec/16	4th Quarter, 2019				
279,980	181,760	22/Sep/17	4th Quarter, 2019	464,109	4th Quarter, 2018	2nd Quarter, 2021	
145,337	37,557	25/Dec/17	4th Quarter, 2019				

BUSINESS OVERVIEW

Serial number	Project	City (District)	Aggregate saleable GFA for entire project sq.m.	Interest attributable to the Company (%)	Completed property developments ⁽¹⁾			Completion date
					Total completed saleable GFA sq.m.	Total saleable GFA sold and delivered sq.m.	Total saleable GFA pre-sold pending delivery sq.m.	
44	Country Garden – City Garden (碧桂園•城市花園)	Taiyuan(Xinghualing)	331,335	68%				
45	Country Garden – Phoenix Bay – Phases One to Three and Phase Five (碧桂園•鳳凰灣——一至三期、五期)	Xinxiang(Pingyuan)	894,259	92%	205,288	178,911	13,387	28/Jun/18
46	Country Garden – Xixi Yahyuan (碧桂園•西溪雅苑)	Wuxi(Huishan)	290,346	85%	98,177	95,826	271	21/May/18
47	Beihai Country Garden (北海碧桂園)	Beihai(Yinhai)	353,007	80%	46,970	43,505		30/Apr/18
48	Country Garden – Qingyue Bay (碧桂園•清月灣)	Zhumadian (Xincai)	300,164	91%				
49	Fenhu Country Garden (汾湖碧桂園)	Suzhou(Wujiang)	157,422	52%				
50	Country Garden – Century City (碧桂園•世紀城)	Yangjiang (Binhaixinqu)	429,270	94%				
51	Wuchuan Country Garden (吳川碧桂園)	Zhanjiang (Wuchuan)	183,015	90%				
52	Country Garden – Chama Guzhen (碧桂園•茶馬古鎮)	Guiyang (Qingzhen)	586,254	43%				
53	Country Garden – Ten Miles Riverside (碧桂園•十里江灣)	Yangjiang (Binhaixinqu)	405,283	94%				
54	Country Garden – Xing Zuo (碧桂園•星作)	Guiyang (Nanming)	202,933	44%				
55	Country Garden – Phoenix Bay (碧桂園•鳳凰灣)	Foshan (Shunde)	3,128,581	42%	248,092	48,686	187,622	12/Apr/18
56	Country Garden – Riverbay One (碧桂園•江灣1號)	Shaoxing(Shengzhou)	490,714	48%				
57	Country Garden – The Cullinan (碧桂園•天璽)	Dongying (dongying)	157,177	90%				
58	Country Garden – City One (碧桂園•首座)	Dongguan (Dalang)	421,878	16%	78,695	74,798	1,975	5/Dec/17
59	Country Garden – Dexin Mansion (碧桂園•德信公館)	Quzhou (Kecheng)	297,874	47%	33,085	33,085		11/Jan/18
60	Linpu Country Garden (臨浦碧桂園)	Hangzhou (Xiaoshan)	195,278	55%				
61	Country Garden – Lakeside Bay (碧桂園•濱湖灣)	Zhenjiang (Runzhou)	159,106	80%	60,966	44,883	3,444	13/Jun/18
62	Country Garden – Qinhuai Shijia (碧桂園•秦淮世家)	Nanjing (Lishui)	391,011	47%				
63	Bengbu Country Garden (蚌埠碧桂園)	Bengbu (Huaishang)	293,059	51%				
64	Shanwei Country Garden (汕尾碧桂園)	Shanwei(Chengqu)	1,150,824	100%	1,037,027	1,037,027		29/Dec/17
65	Yingshang Country Garden (嶺上碧桂園)	Fuyang (Yingshang)	210,500	85%				

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	Properties under development ⁽²⁾				Properties for future development ⁽³⁾			
	Total saleable GFA under development sq.m.	Total saleable GFA pre-sold sq.m.	Actual/ Estimated pre-sale commencement date	Estimated completion date	GFA for future development sq.m.	Estimated pre-sale commencement date	Estimated completion date	GFA for future development with land use right permit sq.m.
	245,898	156,607	18/Jan/18	4th Quarter, 2019	85,437	4th Quarter, 2018	4th Quarter, 2020	
	586,870	356,969	14/Jun/16	2nd Quarter, 2020	102,101	4th Quarter, 2018	4th Quarter, 2020	
	192,169	191,092	16/Jun/17	2nd Quarter, 2019				
	306,037	300,567	5/Dec/16	2nd Quarter, 2020				
	298,148	283,193	27/May/17	2nd Quarter, 2020	2,016	4th Quarter, 2018	2nd Quarter, 2020	
	157,422	67,409	31/Mar/17	2nd Quarter, 2019				
	429,270	402,826	11/May/17	4th Quarter, 2019				
	183,015	182,971	7/Dec/17	4th Quarter, 2019				
	309,148	170,904	27/Dec/17	4th Quarter, 2020	277,106	4th Quarter, 2018	4th Quarter, 2021	
	394,761	365,608	24/Feb/17	2nd Quarter, 2020	10,522	3rd Quarter, 2018	3rd Quarter, 2020	
	202,933	90,188	28/Dec/17	3rd Quarter, 2020				
	1,066,798	339,515	9/Jun/17	2nd Quarter, 2021	1,813,691	4th Quarter, 2018	4th Quarter, 2024	
	490,714	370,952	18/Nov/16	4th Quarter, 2019				
	157,177	139,485	8/Dec/17	4th Quarter, 2019				
	343,183	84,069	12/Apr/17	2nd Quarter, 2020				
	264,789	218,806	3/Nov/16	3rd Quarter, 2019				
	195,278	75,943	7/Dec/17	1st Quarter, 2020				
	98,140	89,187	24/Nov/17	3rd Quarter, 2019				
	391,011	323,964	28/Jun/17	4th Quarter, 2019				
	200,844	165,730	29/Jan/18	3rd Quarter, 2020	92,215	3rd Quarter, 2018	4th Quarter, 2020	
	113,797	113,419	30/Sep/17	2nd Quarter, 2019				
	210,500	135,916	19/Dec/17	4th Quarter, 2019				

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Serial number	Project	City (District)	Aggregate saleable GFA for entire project sq.m.	Interest attributable to the Company (%)	Completed property developments ⁽¹⁾			Completion date
					Total completed saleable GFA sq.m.	Total saleable GFA sold and delivered sq.m.	Total saleable GFA pre-sold pending delivery sq.m.	
66	Xi'ning Country Garden (西寧碧桂園)	Xi'ning(Chengbei)	397,694	94%				
67	Country Garden – Times City (碧桂園•時代城)	Shanwei (Chengqu)	212,647	87%				
68	Country Garden – Monet's Lake (碧桂園•莫奈的湖)	Tianjin (Wuqing)	232,032	83%	14,764	13,432	937	12/Dec/17
69	Country Garden – Park One (碧桂園•公園壹號)	Yichang (Wujiagang)	210,654	47%				
70	Country Garden – Xuefu Shui'an (碧桂園•學府水岸)	Taizhou (Jiaojiang)	196,633	90%				
71	Country Garden – Longyu Garden (碧桂園•蘿譽花園)	Huizhou (Huicheng)	216,200	50%				
72	Country Garden – Ten Miles Riverside (碧桂園•十里江灣)	Liuzhou (Chengzhongqu)	460,301	43%				
73	Country Garden – Fengcheng Mansion (碧桂園•鳳城府)	Taizhou (Hailing)	173,170	65%				
74	Country Garden – Shengshi Mansion (碧桂園•盛世華府)	Zhanjiang (Lianjiang)	182,271	86%				
75	Country Garden – Zunyi One (碧桂園•遵義1號)	Zunyi(Nanbu New District)	450,345	93%				
76	Country Garden – Shidai Zhi Guang (碧桂園•時代之光)	Anqing (Yinjiang)	158,067	85%				
77	Country Garden – Central Park (碧桂園•中央公園)	Zhenjiang (Jurong)	834,889	45%				
78	Country Garden – Zhong Tang (碧桂園•中堂)	Hefei (Binhu)	173,259	55%				
79	Country Garden – Boyue Riverside (碧桂園•鉞悅濱江)	Taizhou (Jingjiang)	156,716	89%				
80	Country Garden – Yun Ding (碧桂園•雲頂)	Guangzhou (Zengcheng)	802,181	45%				
81	Country Garden East Coast (碧桂園東海岸)	Qionghai (Boao)	1,028,766	43%	283,704	275,543	488	7/Jun/18
82	Penglai Country Garden (蓬萊碧桂園)	Yantai(Penglai)	519,724	100%	176,295	175,828		15/Mar/18
83	Country Garden – The Cullinan (碧桂園•天璽)	Huzhou (Nanxun)	144,622	94%				
84	Country Garden – Diamond Bay (碧桂園•鑽石灣)	Taizhou (Jiangyan)	109,544	85%				
85	Country Garden Ao'neng – Roman Shengjing (碧桂園奧能•羅馬盛景)	Chuzhou (Quanjiao)	1,686,484	43%				
86	Country Garden – Tian Yue (碧桂園•天悅)	Zhengzhou (Jing kai)	181,113	44%				
87	Country Garden – The Cullinan Bay (碧桂園•天璽灣)	Wuhan (Jiangxia)	278,701	41%				

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Total saleable GFA under development sq.m.	Properties under development ⁽²⁾			Properties for future development ⁽³⁾			
	Total saleable GFA pre-sold sq.m.	Actual/Estimated pre-sale commencement date	Estimated completion date	GFA for future development sq.m.	Estimated pre-sale commencement date	Estimated completion date	GFA for future development with land use right permit sq.m.
397,694	350,259	21/Oct/16	4th Quarter, 2020				
212,647	210,536	26/Jan/17	3rd Quarter, 2019				
116,949	109,871	28/Apr/17	4th Quarter, 2019	100,319	3rd Quarter, 2018	4th Quarter, 2020	
210,654	132,935	23/Oct/17	4th Quarter, 2019				
125,768	119,681	23/Nov/17	2nd Quarter, 2020	70,865	3rd Quarter, 2018	2nd Quarter, 2020	
171,425	107,549	26/Jan/18	4th Quarter, 2019	44,775	3rd Quarter, 2018	2nd Quarter, 2020	
324,769	282,714	30/Sep/16	4th Quarter, 2019	135,532	3rd Quarter, 2018	4th Quarter, 2020	
173,170	133,306	8/Jun/17	3rd Quarter, 2019				
182,271	134,236	15/Dec/17	3rd Quarter, 2019				
450,345	431,186	26/Sep/16	2nd Quarter, 2020				
158,067	112,352	12/Feb/18	4th Quarter, 2019				
341,052	66,697	16/Nov/17	2nd Quarter, 2020	493,837	1st Quarter, 2019	4th Quarter, 2021	
91,786	48,811	24/Jan/18	2nd Quarter, 2020	81,473	4th Quarter, 2018	4th Quarter, 2020	
156,716	147,357	21/Sep/17	3rd Quarter, 2019				
59,023	28,120	17/May/18	2nd Quarter, 2020	743,158	4th Quarter, 2018	2nd Quarter, 2022	
206,289	62,870	11/Sep/09	4th Quarter, 2019	538,773	1st Quarter, 2019	4th Quarter, 2021	
246,988	202,235	27/Jun/17	2nd Quarter, 2020	96,441	4th Quarter, 2018	4th Quarter, 2020	
144,622	88,798	21/Dec/17	3rd Quarter, 2019				
109,544	106,638	30/Sep/17	3rd Quarter, 2019				
508,160	340,717	27/Jun/17	2nd Quarter, 2020	1,178,324	4th Quarter, 2018	4th Quarter, 2022	
181,113	100,297	10/Aug/17	2nd Quarter, 2020				
278,701	196,458	28/Sep/17	1st Quarter, 2020				

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Serial number	Project	City (District)	Aggregate saleable GFA for entire project sq.m.	Interest attributable to the Company (%)	Completed property developments ⁽¹⁾			Completion date
					Total completed saleable GFA sq.m.	Total saleable GFA sold and delivered sq.m.	Total saleable GFA pre-sold pending delivery sq.m.	
88	Country Garden – Hanlin Mansion (碧桂園•翰林府)	Huzhou (Anji)	211,808	44%				
89	Country Garden – Longyue (碧桂園•瓏悅)	Shantou (Chaoyang)	217,956	72%				
90	Country Garden – Central Park (碧桂園•中央公園)	Jiaying (Haiyan)	137,891	50%				
91	Country Garden CiFi Hu Yue Tian Jing (碧桂園旭輝湖悅天鏡)	Wenzhou (Longwan)	146,239	47%				
92	Liling Country Garden (醴陵碧桂園)	Zhuzhou (Liling)	154,899	52%				
93	Country Garden – Hu Yue Tian Jing (碧桂園•湖悅天鏡)	Taizhou (Hailing)	169,838	50%				
94	Qingyang Country Garden (青陽碧桂園)	Chizhou (Qingyang)	164,303	85%				
95	Longfor Country Garden – Tian Chen Yuan Zhu (龍湖碧桂園•天宸原著)	Changsha (Furong)	166,488	43%				
96	Guigang Country Garden (貴港碧桂園)	Guigang(Gangbei)	353,509	93%	137,540	135,820	1,278	15/Jun/18
97	Country Garden – Changnan Mansion (碧桂園•昌南府)	Jingdezhen (Zhushan)	316,094	90%				
98	Country Garden – Jiang Yu Cheng (碧桂園•江與城)	Qingyuan (Qingcheng)	254,139	81%				
99	Country Garden – Yahao Xuan (碧桂園•雅豪軒)	Huizhou (Dayawan)	94,585	81%				
100	Dongcheng Country Garden (東城碧桂園)	Dongguan (Dongcheng)	79,820	95%				
Total			59,364,247		12,151,094	11,427,108	504,265	

Note:

- 1 Those are based on the surveying reports relevant government departments.
 - 2 Those are based on the actual measurements by the project management department of the Group.
 - 3 “GFA for future development” for each project is the GFA expected to be built.
- (1), (2), (3) are obtained land use right certificates, development and operation rights or land titles.

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Total saleable GFA under development sq.m.	Properties under development ⁽²⁾			Properties for future development ⁽³⁾			
	Total saleable GFA pre-sold sq.m.	Actual/ Estimated pre-sale commencement date	Estimated completion date	GFA for future development sq.m.	Estimated pre-sale commencement date	Estimated completion date	GFA for future development with land use right permit sq.m.
133,127	32,004	13/Apr/18	3rd Quarter, 2019	78,681	4th Quarter, 2018	2nd Quarter, 2020	
217,956	138,990	24/Nov/17	3rd Quarter, 2019				
137,891	86,880	9/Feb/18	4th Quarter, 2019				
146,239	83,714	25/Dec/17	4th Quarter, 2019				
154,899	143,483	15/Nov/17	4th Quarter, 2020				
169,838	71,822	22/Jun/18	3rd Quarter, 2019				
142,069	130,285	30/Nov/17	3rd Quarter, 2019	22,234	3rd Quarter, 2018	4th Quarter, 2019	
59,141	58,393	12/Feb/18	3rd Quarter, 2019	107,347	3rd Quarter, 2018	1st Quarter, 2020	
215,969	214,476	28/Jul/16	4th Quarter, 2019				
126,481	92,147	26/Mar/18	2nd Quarter, 2020	189,613	4th Quarter, 2018	4th Quarter, 2020	
254,139	163,667	4/Aug/17	2nd Quarter, 2020				
94,585	71,347	23/Nov/17	3rd Quarter, 2019				
79,820	63,161	22/Sep/17	3rd Quarter, 2019				
30,863,987	21,321,352			14,664,126			1,685,040

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Landbank GFA breakdown by location in Mainland China

Location	Aggregate saleable GFA for entire project sq.m.	Completed property developments ⁽¹⁾			Properties under development ⁽²⁾		Properties ⁽³⁾ for future development	
		Total completed saleable GFA sq.m.	Total saleable GFA sold and delivered sq.m.	Total saleable GFA pre-sold pending delivery sq.m.	Total saleable GFA under development sq.m.	Total saleable GFA pre-sold sq.m.	GFA for future development sq.m.	GFA for future development with land use right permit sq.m.
Guangdong	149,673,016	59,790,407	58,192,148	994,991	35,540,240	18,760,364	45,119,400	9,222,969
Jiangsu	53,283,721	13,587,555	13,173,126	204,396	21,882,768	11,341,941	15,291,030	2,522,368
Anhui	41,792,880	13,193,106	12,843,518	111,250	16,926,405	8,316,473	9,304,650	2,368,719
Hunan	31,221,655	6,588,343	6,394,915	61,607	10,459,925	6,806,045	11,509,275	2,664,112
Hubei	25,304,397	8,500,138	8,377,191	69,950	7,898,490	3,204,666	7,007,848	1,897,921
Henan	22,163,027	1,590,038	1,486,003	60,551	8,759,068	4,230,328	10,074,671	1,739,250
Zhejiang	20,716,442	2,760,464	2,580,435	124,748	10,675,619	4,101,621	5,934,765	1,345,594
Shandong	15,948,262	2,383,949	2,318,623	6,321	3,856,417	2,272,315	8,178,429	1,529,467
Guangxi	15,496,363	2,047,020	1,916,483	31,884	6,469,418	3,798,438	5,838,304	1,141,621
Guizhou	13,100,329	2,054,904	1,914,877	46,486	5,949,206	3,941,427	2,093,448	3,002,771
Fujian	12,911,247	2,415,227	2,370,652	25,681	6,048,475	2,754,404	2,007,681	2,439,864
Hebei	11,210,929	1,638,358	1,572,355	33,049	5,478,928	2,837,087	3,103,382	990,261
Liaoning	10,844,737	6,226,095	6,126,165	4,607	2,124,257	1,268,668	2,352,999	141,386
Sichuan	10,047,819	2,076,862	2,005,849	6,628	3,233,888	1,503,642	2,684,394	2,052,675
Jiangxi	9,390,808	1,210,847	1,204,533	2,627	3,910,218	1,275,602	3,653,453	616,290
Chongqing	8,695,689	1,514,176	1,493,293	843	2,705,998	845,699	3,128,157	1,347,358
Hainan	8,189,538	1,723,181	1,686,896	7,445	2,121,685	1,384,746	4,057,927	286,745
Shaanxi	7,256,692	460,355	455,174	4,023	2,237,783	1,381,735	1,719,512	2,839,042
Yunnan	5,911,667	431,416	427,459	1,217	579,176	442,039	1,467,555	3,433,520
Inner Mongolia	4,523,270	1,637,203	1,628,740	30	362,967	165,186	2,523,100	-
Gansu	4,406,862	1,727,375	1,678,885	6,660	1,629,849	1,279,317	682,692	366,946
Tianjin	4,317,237	1,214,563	1,158,676	3,697	869,746	247,709	1,774,211	458,717
Shanxi	2,956,653	157,939	136,775	15,126	1,246,637	597,554	920,098	631,979
Beijing	1,523,602	-	-	-	120,359	23,778	994,257	408,986
Shanghai	1,387,683	91,687	76,989	9,222	954,996	259,092	266,996	74,004
Qinghai	1,094,507	-	-	-	488,344	350,259	229,970	376,193
Ningxia	883,690	-	-	-	706,163	74,275	177,527	-
Xinjiang	807,531	-	-	-	-	-	637,206	170,325
Heilongjiang	478,073	372,970	355,230	744	105,103	69,261	-	-
Jilin	418,666	177,692	177,061	-	55,927	20,532	185,047	-
Total	495,956,992	135,571,870	131,752,051	1,833,783	163,398,055	83,554,203	152,917,984	44,069,083

Note:

1 Those are based on the surveying reports relevant government departments.

2 Those are based on the actual measurements by the project management department of the Group.

3 "GFA for future development" for each project is the GFA expected to be built.

(1), (2), (3) are obtained land use right certificates, development and operation rights or land titles.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

In prior years, the Group's revenue was primary derived from five business segments as follows: Property development, Construction, Property investment, Property management and Hotel operation. During the six months ended 30 June 2018, the executive directors reassessed the performance and operations of the Group and concluded that the Group only have two reportable segments — Property development and Construction, and the other segments are individually and collectively insignificant for segment reporting purposes. Revenue increased by 69.7% to approximately RMB131,894 million in the first half of 2018 from approximately RMB77,738 million for the corresponding period in 2017. 96.2% of the Group's revenue was generated from the sales of properties (corresponding period in 2017: 95.8%) and 3.8% from construction and other segments (corresponding period in 2017: 4.2%).

Property Development

Revenue generated from property development maintained a growth as a result of the continuous growth of property contracted sales, strict construction management control and timely delivery of units in the first half of 2018. Revenue generated from property development increased by 70.4% to approximately RMB126,885 million for the six months ended 30 June 2018 from approximately RMB74,475 million for the corresponding period in 2017. The recognised average selling price of property delivered was RMB8,846 per sq.m. for the six months ended 30 June 2018, increasing from RMB6,900 per sq.m. for the corresponding period in 2017.

Construction

Construction revenue from external parties increased by 122.2% to approximately RMB2,457 million for the six months ended 30 June 2018 from RMB1,106 million for the corresponding period in 2017, primarily due to increase in the volume of services rendered to related parties and third parties of the Group.

Others

Others segment mainly includes property investment, property management, hotel operation and others. Revenue from external parties increased by 18.3% to approximately RMB2,552 million for the six months ended 30 June 2018 from RMB2,157 million for the corresponding period in 2017. The Spin-Off of property management was completed on 19 June 2018, please refer to the related content in note 27 in "Notes to the Interim Financial Information" and "Share Option Schemes" in the section-headed "Corporate Governance and Other Information" of this interim report for the financial effect of the Spin-Off.

Finance Income – Net

The Group recorded net finance income of approximately RMB181 million in the first half of 2018 (corresponding period in 2017: approximately RMB830 million).

During the period, the Group recorded post-hedging net foreign exchange losses of approximately RMB411 million (corresponding period in 2017: post-hedging net foreign exchange gains of approximately RMB425 million), interest income of approximately RMB777 million (corresponding period in 2017: approximately RMB405 million), interest expense of approximately RMB8,852 million (corresponding period in 2017: approximately RMB4,370 million) of which 100% were capitalised on qualifying assets (corresponding period in 2017: 100%), and loss on early redemption of senior notes of approximately RMB185 million (corresponding period in 2017: nil).

Profit and Core Net Profit Attributable to Owners of the Company

Due to the increase in the recognized revenue from the sale of properties of the Group during the relevant period, the increase in the average selling price and the gross profit margin of such properties, the profit attributable to owners of the Company increased by approximately 72.5% to approximately RMB12,939 million for the six months ended 30 June 2018, when compared with approximately RMB7,501 million for the corresponding period in 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

After deduction of the post-tax gains arising from changes in fair value of and transfer to investment properties, net exchange gains/losses on financing activities, loss on early redemption of senior notes and changes in fair value of derivative financial instruments, the core net profit of the Group for the first half of 2018 was approximately RMB12,954 million, representing an increase of approximately 80.2% when compared with approximately RMB7,189 million for the corresponding period in 2017.

Liquidity, Financial and Capital Resources

As at 30 June 2018, the Group's available cash (equals to the sum of cash and cash equivalents and restricted cash) amounted to approximately RMB209,914 million (31 December 2017: approximately RMB148,402 million). As at 30 June 2018, 93.3% (31 December 2017: 93.6%) of the Group's cash and bank deposits was denominated in Renminbi and 6.7% (31 December 2017: 6.4%) was denominated in other currencies (mainly US dollars, HK dollars and Malaysian Ringgit).

As at 30 June 2018, the carrying amount of the restricted cash was approximately RMB13,487 million (31 December 2017: approximately RMB11,318 million). Pursuant to relevant regulations, certain of the project companies were required to deposit a portion of proceeds from pre-sales of properties into designated bank accounts. Before the completion of the pre-sold properties, the proceeds deposited in the escrow accounts could only be used for the restricted purposes of purchasing construction materials and equipments, making interim construction payments and paying tax, with the prior approval of the relevant local authorities.

As at 30 June 2018, the net current assets of the Group were approximately RMB107,747 million (31 December 2017: approximately RMB98,378 million). The current ratio being current assets over current liabilities was approximately 1.1 as at 30 June 2018, which equals to approximately 1.1 as at 31 December 2017.

As at 30 June 2018, the Group's bank and other borrowings, senior notes, corporate bonds and convertible bonds amounted to approximately RMB199,375 million, RMB33,760 million, RMB47,872 million and RMB12,914 million respectively (31 December 2017: approximately RMB135,517 million, RMB31,913 million, RMB47,334 million and nil respectively).

For bank and other borrowings, approximately RMB72,115 million, RMB124,551 million and RMB2,709 million will be repayable within 1 year, between 1 and 5 years and beyond 5 years respectively (31 December 2017: approximately RMB47,672 million, RMB87,093 million and RMB752 million respectively). As at 30 June 2018 and 31 December 2017, the majority of the bank and other borrowings were secured by certain land use rights, properties, equipment and equity interests of the Group and/or guaranteed by the Group.

Net gearing ratio is measured by the net debt (representing bank and other borrowings, senior notes, corporate bonds and convertible bonds, net of available cash, which equals to the sum of cash and cash equivalents and restricted cash) over total equity. Net gearing ratio increased slightly from approximately 56.9% as at 31 December 2017 to approximately 59.0% as at 30 June 2018.

Placing and Issuance of Convertible Bonds

Please refer to the related content in note 19 and note 21 to the "Notes to the Interim Financial Information" and "Purchase, Sale or Redemption of Listed Securities" in the section-headed "Corporate Governance and Other Information" of this interim report.

Key Risk Factors and Uncertainties

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

Risks Pertaining to the Property Market and Operation

The Group's businesses and prospects are largely dependent on the performance of the property market in mainland China. The property market in mainland China is affected by a number of factors, including changes in social, political, economic and legal environment, as well as changes in the government's financial, economic, monetary, industrial and environmental conservation policies. The Group is also susceptible to changes in economic conditions, consumer confidence, consumption spending, and changes in consumption preferences. Therefore, the Group continues to implement its strategies to develop

MANAGEMENT DISCUSSION AND ANALYSIS

and strengthen penetration of different regional markets thereby reducing its dependence on specific markets. The Group's operation is subject to a number of risk factors distinctive to property development, property investment, and property related businesses. Default on the part of our buyers, tenants and strategic business partners, inadequacies or failures of internal processes, people and systems or other external factors may have various levels of negative impact on the results of operations.

Interest Rate Risk

The Group's bank and other borrowings mainly bear floating rates. As at 30 June 2018, the weighted average borrowing cost of the Group's total debt was 5.81%, which was increased by 59 basic points from that as at 31 December 2017. The Group has implemented certain interest rate management which includes, among the others, close monitoring of interest rate movements and refinancing on existing banking facilities or 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 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, cross currency swaps and foreign exchange structured derivatives to hedge its exposure to foreign exchange risk.

Guarantees

As at 30 June 2018, the Group had guarantees in respect of mortgage facilities for certain purchasers amounting to approximately RMB311,135 million (31 December 2017: approximately RMB214,909 million).

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers 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 purchasers take possession of the relevant properties; and (ii) the satisfaction of mortgage loans by the purchasers of properties.

The Board considers that in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty, therefore, no provision has been made in the financial statements for the guarantees.

In addition, as at 30 June 2018, the Group had provided guarantees amounting to approximately RMB48,296 million (31 December 2017: approximately RMB33,500 million) for certain borrowings of the joint ventures, associates and third parties of the Group.

Employees and Remuneration Policy

Human resource has always been the most valuable resource of the Group. As at 30 June 2018, the Group had approximately 111,264 full-time employees¹ (31 December 2017: 124,837).

¹ Due to the spin-off and listing of Country Garden Services Holdings Company Limited on 19 June 2018, the number of employees as at 30 June 2018 of the Group does not include the employees of Country Garden Services Holdings Company Limited.

MANAGEMENT DISCUSSION AND ANALYSIS

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 report, there were no significant labor disputes which adversely affect or are likely to have an adverse effect on the operations of the Group.

In order to adapt itself to the fast growing and ever changing market, the Group came up with the partnership scheme, aligning the interests of employees with that of the Company. 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 Company.

The Group has approved and/or adopted certain share option schemes and employee incentive schemes, details can be referred in "Share Option Scheme" and "Employee Incentive Scheme" in the section-headed "Corporate Governance and Other Information" of this interim report.

Forward Looking

In the second half of 2018, it is expected that, the government will continue to implement differentiating regulatory policies and speed up the establishment of a long-term mechanism for real estate market to promote its steady and healthy development. At the same time, the competition and the consolidation within the sector will be more intensive and the market will be further differentiated. On the other hand, urbanization in China is far from over. The county and township dwellers' ongoing desire to improve their housing conditions makes a huge potential for property development in the

country. To embrace the challenges and opportunities brought by the change of the market, the Group will continue to adopt prudent financial policies and risk control measures, enhance the quality of the buildings and ensure safety, strengthen its contracted sales and cash collection and apply strict cost control to strengthen operating cash flows and ensure investment return. Meanwhile, the Group will continue to apply a more conservative and practical strategy on new land acquisition to ensure the marketability of future projects and optimize geographic diversification. The objective is to develop all investment portfolios catering for different stages of China's urbanization and capture all kinds of market demand, such as further developing the rental housing market. Besides, on the basis of steady operation, the Group will make flexible adjustments according to the market situation, focus on the continuous increase of profitability and achieve high quality and all-rounded development. Looking forward, the Company will actively explore the value of businesses and assets within the value chain of real estate, continue to focus on the residential and related demands brought by urbanization, and establish an integration platform covering the entire life span for our customers.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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.

During the six months ended 30 June 2018, the Company has applied the principles and has complied with the code provisions of the Corporate Governance Code.

BOARD OF DIRECTORS

The composition of the Board as at the date of this interim report is set out below:

Executive Directors

Mr. YEUNG Kwok Keung (*Chairman*)
Ms. YANG Huiyan (*Vice Chairman*)
Mr. MO Bin (*President*)
Ms. YANG Ziyang
Mr. YANG Zhicheng
Mr. SONG Jun
Mr. LIANG Guokun
Mr. SU Baiyuan
Mr. XIE Shutai (resigned on 2 March 2018)

Non-executive Director

Mr. CHEN Chong

Independent Non-executive Directors

Mr. LAI Ming, Joseph
Mr. SHEK Lai Him, Abraham
Mr. TONG Wui Tung
Mr. HUANG Hongyan
Mr. YEUNG Kwok On
Mr. MEI Wenjue (resigned on 2 March 2018)

CORPORATE GOVERNANCE AND OTHER INFORMATION

AUDIT COMMITTEE

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 Audit Committee has reviewed with the management of the Company the accounting policies and practices adopted by the Group and discussed, among other things, internal control, risk management and financial reporting matters including a review of the unaudited interim results of the Group for the six months ended 30 June 2018. In addition, the independent auditor of the Company, PricewaterhouseCoopers, has reviewed the unaudited interim financial information of the Group for the six months ended 30 June 2018 in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by HKICPA.

CHANGES SINCE DATE OF 2017 ANNUAL REPORT

Pursuant to rule 13.51B(1) of the Listing Rules, the changes to information required to be disclosed by the Directors pursuant to paragraphs (a) to (e) and (g) of rule 13.51(2) between the date of the Company’s 2017 annual report and up to the date of this report are set out below:

1. Directors’ other directorships held in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas:

Directors’ Information	Appointment (effective date)	Cessation (effective date)
Ms. YANG Huiyan		
• Country Garden Services Holdings Company Limited (Stock Code: 6098)		
– non-executive director	24 January 2018 <i>(Appointed as director on 24 January 2018 and redesignated as non-executive director on 9 March 2018)</i>	–
– chairman	9 March 2018	–
Mr. MO Bin		
• E-House (China) Enterprise Holdings Limited (Stock Code: 2048)		
– non-executive director	16 March 2018	–
Mr. YANG Zhicheng		
• Country Garden Services Holdings Company Limited (Stock Code: 6098)		
– non-executive director	9 March 2018	–

CORPORATE GOVERNANCE AND OTHER INFORMATION

Directors' Information	Appointment (effective date)	Cessation (effective date)
Mr. SHEK Lai Him, Abraham <ul style="list-style-type: none">CSI Properties Limited (Stock Code: 497)<ul style="list-style-type: none">independent non-executive director	20 July 2018	–
Mr. TONG Wui Tung <ul style="list-style-type: none">Yip's Chemical Holdings Limited (Stock Code: 408)<ul style="list-style-type: none">non-executive director	–	5 June 2018

2. Directors' remuneration

- (i) Director's annual remuneration of Ms. YANG Huiyan and Mr. MO Bin have been revised to RMB15,000,000 with effect from 1 January 2018 pursuant to their respective service agreements; and
- (ii) Director's annual remuneration of Ms. YANG Ziyang has been revised to RMB10,000,000 with effect from 1 January 2018 pursuant to her service agreement.

3. Director's service agreement

On 18 May 2018, the Company and Mr. MO Bin have entered into a "Supplemental Agreement of Director's Service Agreement" to revise the terms of the original "Director's Service Agreement", including the amount of his Director's annual remuneration and his performance bonus in the form of grant of share options at the absolute discretion of the Board.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code 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 six months ended 30 June 2018. No incident of non-compliance was noted by the Company to date in 2018. 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.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2018, the Directors and chief executive of the Company had the following interests and short positions in the Shares, underlying Shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

CORPORATE GOVERNANCE AND OTHER INFORMATION

Long positions in the Shares, underlying Shares and debentures of the Company

Name of Directors	Capacity	Number of Shares held	Number of underlying Shares held under equity derivatives	Total	Percentage to total issued Shares as at 30 June 2018	Amount of debentures held
Mr. YEUNG Kwok Keung	Interest of controlled corporation	53,372,800 ¹	-	53,372,800	0.24%	-
Ms. YANG Huiyan	Interest of controlled corporation	12,327,774,943 ²	-	12,327,774,943	56.70%	-
Mr. MO Bin	Beneficial owner	15,030,000	6,517,965 ⁴	21,547,965	0.09%	-
Ms. YANG Ziying	Interest of controlled corporation	6,750,000 ³	-	6,750,000	0.03%	-
Mr. YANG Zhicheng	Beneficial owner	-	5,184,428 ⁴	5,184,428	0.02%	-
Mr. SONG Jun	Beneficial owner	-	5,402,438 ⁴	5,402,438	0.02%	-
Mr. LIANG Guokun	Interest of spouse	2,326,936 ⁵	-	2,326,936	0.01%	-
Mr. SU Baiyuan	Beneficial owner	436,096	1,662,303 ⁴	2,098,399	-	-
	Interest of spouse	419,643 ⁶	-	419,643	-	-
				2,518,042	0.01%	-
Mr. CHEN Chong	Interest of spouse	12,327,774,943 ⁷	-	12,327,774,943	56.70%	-
Mr. LAI Ming, Joseph	Beneficial owner	1,014,786	-	1,014,786	0.01%	-
Mr. SHEK Lai Him, Abraham	Beneficial owner	1,014,786	-	1,014,786	0.01%	-
Mr. TONG Wui Tung	Beneficial owner	1,014,786	-	1,014,786	0.01%	-

Notes:

- These Shares represent Shares held by Kenpac Investments Limited in which Mr. YEUNG Kwok Keung beneficially owns 90% of the issued share capital.
- These Shares represent Shares held by Concrete Win Limited, Genesis Capital Global Limited and Golden Value Investments Limited in which Ms. YANG Huiyan beneficially owns the entire issued share capital respectively.
- These Shares represent Shares held by Shiny Dragon Assets Limited in which Ms. YANG Ziying and her spouse Mr. ZHOU Hongru jointly and beneficially own the entire issued share capital.
- The relevant interests are unlisted physically settled options granted pursuant to the Share Option Schemes. Upon exercise of the share options in accordance with the Share Option Schemes, ordinary shares of HKD0.10 each in the share capital of the Company are issuable. The share options are personal to the respective Directors. Further details of the share options are set out in the "Corporate Governance and Other Information — Share Option Schemes" of this interim report.
- These Shares represent Shares held by Ms. MA Minhua who is the spouse of Mr. LIANG Guokun.
- These Shares represent Shares held by Ms. LIU Qing who is the spouse of Mr. SU Baiyuan.
- These Shares represent Shares held by Ms. YANG Huiyan who is the spouse of Mr. CHEN Chong.

Save as disclosed above, during the six months ended 30 June 2018, none of Directors, their spouse or children under the age of 18 had any rights to subscribe for equity or debt securities of the Company, nor has any of them exercised such rights.

CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 30 June 2018, according to the register kept by the Company under Section 336 of the SFO, the following companies and persons, other than the Directors or chief executive of the Company, had long positions of 5% or more in the Shares and underlying Shares which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

Long positions in the Shares

Name of Shareholders	Capacity	Number of ordinary Shares held	Percentage of total issued shares as at 30 June 2018
Concrete Win Limited	Beneficial owner	9,386,446,010 ¹	43.17%
Genesis Capital Global Limited	Beneficial owner	2,840,000,000 ²	13.06%
Ping An Insurance (Group) Company of China, Ltd.	Interest of controlled corporation	1,951,053,750 ³	8.97% ³
Ping An Life Insurance Company of China, Ltd.	Beneficial owner	1,947,066,000 ^{3,4}	8.95% ^{3,4}

Notes:

* As at 30 June 2018, the total number of the issued shares of the Company is 21,740,933,140 Shares.

1. These Shares are held by Concrete Win Limited, the entire issued share capital of which is beneficially owned by Ms. YANG Huiyan.
2. These Shares are held by Genesis Capital Global Limited, the entire issued share capital of which is beneficially owned by Ms. YANG Huiyan.
3. Ping An Insurance (Group) Company of China, Ltd. is a joint stock limited company incorporated in the PRC, the H Shares of which are listed on the main board of the Stock Exchange (Stock Code: 2318) and the A Shares of which are listed on the Shanghai Stock Exchange (Stock Code: 601318). Ping An Insurance (Group) Company of China, Ltd. is deemed to be interested in the 1,951,053,750 Shares (held and managed by its indirectly wholly-owned subsidiary, Ping An of China Asset Management (Hong Kong) Co. Ltd. as investment manager), of which 1,947,066,000 Shares were beneficially owned by its 99.51% owned subsidiary, Ping An Life Insurance Company of China, Ltd.. Disclosure of the number of ordinary Shares held is made pursuant to the last Disclosure of Interests notice as of 30 June 2018 (date of relevant event: 14 February 2018).
4. These Shares are beneficially owned by Ping An Life Insurance Company of China, Ltd.. Disclosure of the number of ordinary Shares held is made pursuant to the last Disclosure of Interests notice as of 30 June 2018 (date of relevant event: 14 February 2018).

Save as disclosed above, the Company has not been notified by any other person (other than the Directors and chief executive of the Company) who had an interest or short positions of 5% or more in the Shares and underlying Shares as of 30 June 2018 which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEMES

1. Share option schemes of the Company

On 20 March 2007, the 2007 Share Option Scheme was approved and adopted by the then Shareholders for a period of 10 years commencing on the adoption date. The 2007 Share Option Scheme has expired on 19 March 2017.

In view of the expiry of the 2007 Share Option Scheme, the 2017 Share Option Scheme was approved and adopted by the Shareholders at 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 2017 Share Option Scheme, the Board may, at

CORPORATE GOVERNANCE AND OTHER INFORMATION

its discretion, grant share options to any eligible person to subscribe for the Shares within the validity period of the scheme.

During the six months ended 30 June 2018, share options for 7,724,592 Shares with a fair value on the grant date of approximately RMB104,552,600 were granted to eligible persons in accordance with the terms of the 2017 Share Option Scheme.

(a) During the six months ended 30 June 2018, details of movements in the share options under the 2007 Share Option Scheme are as follows:

Category and name of grantees	Options to subscribe for Shares					Outstanding at 30 June 2018	Exercise price per Share HKD	Date of grant	Exercisable period
	Outstanding at 1 January 2018	Granted during the period ¹	Exercised during the period	Cancelled during the period	Lapsed during the period				
Directors									
Mr. LAI Ming, Joseph	1,014,786	-	1,014,786 ²	-	-	-	3.646	30.11.2012	30.11.2012-29.11.2022
Mr. SHEK Lai Him, Abraham	1,014,786	-	1,014,786 ²	-	-	-	3.646	30.11.2012	30.11.2012-29.11.2022
Mr. TONG Wui Tung	1,014,786	-	1,014,786 ²	-	-	-	3.646	30.11.2012	30.11.2012-29.11.2022
Mr. YANG Zhicheng	1,515,933	-	-	-	-	1,515,933	4.773	13.12.2013	13.12.2018-12.12.2023
	1,509,074	-	-	-	-	1,509,074	3.332	16.03.2016	16.03.2021-15.03.2026
	525,597	-	-	-	-	525,597	3.106	11.05.2016	11.05.2021-10.05.2026
	449,031	-	-	-	-	449,031	3.740	19.08.2016	19.08.2021-18.08.2026
Mr. SONG Jun	736,487	-	-	-	-	736,487	3.332	16.03.2016	16.03.2021-15.03.2026
	1,074,264	-	-	-	-	1,074,264	3.106	11.05.2016	11.05.2021-10.05.2026
	816,050	-	-	-	-	816,050	3.740	19.08.2016	19.08.2021-18.08.2026
Sub-total	9,670,794	-	3,044,358	-	-	6,626,436			
Employees of the Group									
Sub-total	3,236,589	-	-	-	-	3,236,589	4.773	13.12.2013	13.12.2018-12.12.2023
Other participants									
Sub-total	186,342	-	-	-	-	186,342	3.332	16.03.2016	16.03.2021-15.03.2026
	968,146	-	-	-	-	968,146	4.773	13.12.2013	13.12.2018-12.12.2023
Sub-total	1,154,488	-	-	-	-	1,154,488			
Total	14,061,871	-	3,044,358	-	-	11,017,513			

Notes:

- During the six months ended 30 June 2018, no share options were granted by the Company in accordance with the terms of the 2007 Share Option Scheme.
- The weighted average closing price of these Shares immediately before 4 May 2018 (the date on which the relevant share options were exercised) was HKD15.087.

CORPORATE GOVERNANCE AND OTHER INFORMATION

(b) During the six months ended 30 June 2018, details of movements in the share options under the 2017 Share Option Scheme are as follows:

Category and name of grantees	Options to subscribe for Shares						Exercise price per Share HKD	Date of grant ²	Exercisable period
	Outstanding at 1 January 2018	Granted during the period ¹	Exercised during the period	Cancelled during the period	Lapsed during the period	Outstanding at 30 June 2018			
Directors									
Mr. MO Bin	-	6,517,965	-	-	-	6,517,965	16.720	18.05.2018	18.05.2018-17.05.2028
Mr. YANG Zhicheng	484,454	-	-	-	-	484,454	8.250	22.05.2017	22.05.2022-21.05.2027
	495,084	-	-	-	-	495,084	10.100	24.08.2017	24.08.2022-23.08.2027
	205,255	-	-	-	-	205,255	12.980	08.12.2017	08.12.2022-07.12.2027
Mr. XIE Shutai ³	117,526	-	-	-	-	117,526	8.250	22.05.2017	22.05.2022-21.05.2027
Mr. SONG Jun	1,157,991	-	-	-	-	1,157,991	8.250	22.05.2017	22.05.2022-21.05.2027
	483,325	-	-	-	-	483,325	10.100	24.08.2017	24.08.2022-23.08.2027
	454,562	-	-	-	-	454,562	12.980	08.12.2017	08.12.2022-07.12.2027
	-	421,667	-	-	-	421,667	16.460	21.03.2018	21.03.2023-20.03.2028
	-	258,092	-	-	-	258,092	16.280	10.05.2018	10.05.2023-09.05.2028
Mr. SU Baiyuan	1,135,435	-	-	-	-	1,135,435	8.250	22.05.2017	22.05.2022-21.05.2027
	-	526,868	-	-	-	526,868	16.460	21.03.2018	21.03.2023-20.03.2028
Total	4,533,632	7,724,592	-	-	-	12,258,224			

Notes:

- During the six months ended 30 June 2018, share options of 7,724,592 Shares with a fair value on the grant date of approximately RMB104,552,600 were granted to eligible persons in accordance with the terms of the 2017 Share Option Scheme.
- The closing price of the Shares immediately before the date of grant of 21 March 2018, 10 May 2018 and 18 May 2018 was HKD15.468, HKD15.373 and HKD15.905 respectively.
- Mr. XIE Shutai resigned as executive Director with effect from 2 March 2018.
- The total value of the share options granted under the 2017 Share Option Scheme are not fully recognized in the financial statements of the Company until they are vested. The Directors consider that it is not appropriate to disclose the value of the share options granted to the participants during the period, since any valuation of such share options would be subject to a number of assumptions that would be subjective and uncertain.

2. Pre-listing share option scheme of Country Garden Services Holdings Company Limited

On 13 March 2018 and 17 May 2018, a share option scheme was approved and adopted by the then shareholders of CG Services and the then shareholders of the Company respectively for a period of 180 days commencing on 13 March 2018 and ending on 8 September 2018 (the “**CG Services Share Option Scheme**”). Notwithstanding any other provisions of the CG Services Share Option Scheme, CG Services shall not make any offer of options according to the CG Services Share Option Scheme after 19 June 2018.

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On 21 May 2018, share options for 132,948,000 shares of CG Services with a fair value on the grant date of approximately HKD108,375,000 (equivalent to approximately RMB86,667,000) were granted to eligible persons in accordance with the terms of the CG Services Share Option Scheme effective on the date of the listing of CG Services. Three of the eligible persons are also the employees of the Group after 19 June 2018.

The spin-off of CG Services was completed on 19 June 2018 and CG Services ceased to be a subsidiary of the Company. The shares of CG Services are listed on the main board of the Stock Exchange on 19 June 2018.

Category and name of grantees	Options to subscribe for Shares					Outstanding at 30 June 2018	Exercise price per Share HKD	Date of grant ³	Exercisable period
	Outstanding at 1 January 2018	Granted during the period ²	Exercised during the period	Cancelled during the period	Lapsed during the period				
Directors									
Mr. MO Bin	-	38,892,000	-	-	-	38,892,000	0.940	21.05.2018	Vesting date ¹ to 20.05.2023
Sub-total	-	38,892,000	-	-	-	38,892,000			
Other participants									
Sub-total	-	94,056,000	-	-	-	94,056,000	0.940	21.05.2018	Vesting date ¹ to 20.05.2023
Total	-	132,948,000	-	-	-	132,948,000			

Notes:

- Subject to the fulfilment of certain vesting conditions, the vesting date is the date of issue of the audit report for the relevant financial year of CG Services, (a) for the financial year of the year of the date on which the shares of CG Services are listed on the main board of the Stock Exchange (the "Listing Date"), 40% of the total number of the shares of CG Services granted under an option will be vested to the relevant grantee; (b) for financial year immediately following the year of the Listing Date, 30% of the total number of the shares of CG Services granted under an option will be vested to the relevant grantee; and (c) for the second financial year following the year of the Listing Date, 30% of the total number of the shares of CG Services granted under an option will be vested to the relevant grantee.
- During the six months ended 30 June 2018, share options of 132,948,000 shares with a fair value on the grant date of approximately HKD108,375,000 (equivalent to approximately RMB86,667,000) were granted to eligible persons in accordance with the terms of the CG Services Share Option Scheme.
- The closing price of the shares of CG Services immediately before the date of grant of 21 May 2018 is unavailable as the shares of CG Services are listed on the main board of the Stock Exchange on 19 June 2018.
- The total value of the share options granted under the CG Services Share Option Scheme are not fully recognized in the financial statements of CG Services until they are vested. The Directors consider that it is not appropriate to disclose the value of the share options granted to the participants during the period, since any valuation of such share options would be subject to a number of assumptions that would be subjective and uncertain.

EMPLOYEE INCENTIVE SCHEME

The trust deed in respect of the Employee Incentive Scheme for rewarding the contribution of the senior management and employees of the Group which excludes any connected persons of the Company, together with the scheme rules, were approved by the Board officially. The purpose of the Employee Incentive Scheme is to provide the participants with an opportunity to hold a personal stake in the Company so as to motivate such

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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. As of 30 June 2018, share awards for 102,529,486 Shares were granted under the Employee Incentive Scheme but the registration and transfer procedures are yet to be completed. As of 30 June 2018, the cumulative total number of the Shares held under the Employee Incentive Scheme was 152,771,551 Shares but the registration and transfer procedures of part of the Shares are yet to be completed (31 December 2017: 107,771,551 Shares).

The Board will continue monitoring the Employee Incentive Scheme for motivating the senior management and employees of the Group and if it shall consider appropriate and/or desirable, modify or replace the Employee Incentive Scheme with and/or adopt any other incentive scheme.

PLACING AND SUBSCRIPTION

On 16 January 2018 (after trading hours), the Company and Concrete Win Limited (the “**Vendor**”) entered into the placing and subscription agreement (the “**Placing and Subscription Agreement**”) with Goldman Sachs (Asia) L.L.C. (the “**Placing Agent**”), pursuant to which the Placing Agent has agreed to place, on a fully underwritten basis, 460,000,000 existing Shares (the “**Placing Shares**”) at a price of HKD17.13 per Share (the “**Placing Price**”) on behalf of the Vendor (the “**Placing**”) to not less than six independent professional, institutional and/or individual investors who were or would be third parties independent of and not connected with the Company or its connected persons or any person who were or would be acting in concert with the Vendor or parties acting in concert with it. Furthermore, the Vendor has conditionally agreed to subscribe at the Placing Price for the same number of new Shares (the “**Subscription Shares**”) as the Placing Shares that have been placed by the Placing Agent (the “**Subscription**”). The Placing Shares and the Subscription Shares respectively represented approximately 2.16% of the then existing issued share capital of the Company and approximately 2.12% of the issued share capital of the Company as enlarged by the Subscription.

The conditions set out in the Placing and Subscription Agreement have been fulfilled. On 30 January 2018, following completion of the Placing and the Subscription, the Company completed the allotment and issue of 460,000,000 Subscription Shares (representing approximately 2.12% of the issued share capital of the Company as enlarged by the 460,000,000 Subscription Shares) to the Vendor at the Placing Price per Subscription Share. The Subscription Shares were allotted and issued under the general mandate subject to the limit of up to 20% of the total number of Shares in issue as at the date of the 2017 AGM (i.e. 4,268,124,356 Shares, representing 20% of 21,340,621,782 Shares in issue as at the date of the 2017 AGM).

The net proceeds from the Placing was approximately HKD7,816 million. The Company intended to apply the net proceeds for the repayment of debts of the Group and/or as general working capital purpose. Please refer to the announcements of the Company dated 16 January 2018 and 17 January 2018 for further details.

ISSUE OF ZERO COUPON SECURED GUARANTEED CONVERTIBLE BONDS

On 16 January 2018 (after trading hours), the Company, Smart Insight International Limited (the “**Issuer**”, a wholly-owned subsidiary of the Company) and Goldman Sachs (Asia) L.L.C. (the “**Sole Bookrunner**”) entered into the bonds subscription agreement (the “**Bonds Subscription Agreement**”), pursuant to which the Sole Bookrunner agreed to subscribe for the zero coupon secured guaranteed convertible bonds due 2019 (the “**Convertible Bonds**”) to be issued by the Issuer in the aggregate principal amount of HKD15,600 million. According to the announcements dated 29 May 2018 and 25 June 2018 of the Company, the Convertible Bonds might be converted into Shares at the latest modified conversion price of HKD18.65 per Share (the “**Conversion Price**”). The Convertible Bonds were guaranteed by the Company, and were jointly and severally guaranteed by certain subsidiaries of the Company. The Convertible Bonds also had the benefit of certain security on the collateral. Assuming full conversion of the Convertible Bonds at the Conversion Price, the Convertible Bonds would be

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convertible into 836,461,126 Shares, representing approximately 3.85% of the then issued share capital of the Company and approximately 3.70% of the issued share capital of the Company as enlarged by the issue of the conversion Shares.

The conditions set out in the Convertible Bonds Subscription Agreement have been fulfilled. On 30 January 2018, the Issuer issued the Convertible Bonds in the aggregate principal amount of HKD15,600 million to the Sole Bookrunner. The new Shares that may fall to be issued upon the conversion of the Convertible Bonds will be issued under the general mandate subject to the limit of up to 20% of the total number of Shares in issue as at the date of the 2017 AGM (i.e. 4,268,124,356 Shares, representing 20% of 21,340,621,782 Shares in issue as at the date of the 2017 AGM).

The net proceeds from the issue of the Convertible Bonds was approximately HKD15,490 million. The Company intended to apply the net proceeds for the repayment of debts of the Group and/or as general working capital purpose. Please refer to the announcements of the Company dated 16 January 2018 and 17 January 2018 for further details.

PURCHASE, SALE OR REDEMPTION OF LISTING SECURITIES

During the six months ended 30 June 2018, the Company bought back a total of 55,000,000 Shares on the Stock Exchange. All the Shares bought back were subsequently cancelled by the Company. Details of those transactions are as follows:

Month of buy-back	Number of Shares bought back	Price per Share		Aggregate price HKD
		Highest HKD	Lowest HKD	
January	–	–	–	–
February	–	–	–	–
March	2,000,000	15.70	15.56	31,352,200
April	–	–	–	–
May	–	–	–	–
June	53,000,000	13.80	12.16	696,788,100

Save as disclosed above, neither the Company nor any of its subsidiaries (except Power Great) has purchased, sold or redeemed any of the Shares during the six months ended 30 June 2018. For details of purchase, sale or redemption by the Company or any of its subsidiaries of its other listed securities during the six months ended 30 June 2018, please refer to note 17 to the “Notes to the Interim Financial Information” in this report.

DISCLOSURE UNDER RULE 13.18 OF THE LISTING RULES

On 18 December 2014, the Company, as the borrower, entered into a credit agreement (the “**2014 Credit Agreement**”) with, Hang Seng Bank Limited, The Hongkong and Shanghai Banking Corporation Limited, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, JPMorgan Chase Bank, N.A., Hong Kong Branch, Goldman Sachs Bank USA, Bank of China Limited, Macau Branch and Deutsche Bank AG, Singapore Branch as lenders (the “**2014 Lenders**”) and Hang Seng Bank Limited as the facility agent, pursuant to which the 2014 Lenders have agreed to make available a loan facility denominated in both HKD and USD in an aggregate amount equivalent to approximately HKD4.5 billion (the “**2014 Loans**”) to the Company for a term of 4 years commencing

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from the date of the 2014 Credit Agreement. The 2014 Loans obtained under the 2014 Credit Agreement shall be applied by the Company for repayment and/or prepayment of any financial indebtedness owed by the Company or any member of the Group and its general corporate purposes. Pursuant to the terms of the 2014 Credit Agreement, among others, the Company has undertaken to ensure that each of Mr. YANG Erzhu, Ms. YANG Huiyan, Mr. SU Rubo, Mr. ZHANG Yaoyuan, Mr. OU Xueming, Mr. YEUNG Kwok Keung, Mr. ZHANG Chibiao, Ms. ZHANG Yingyan, Mr. YANG Minsheng, Mr. SU Zhixian, Mr. YANG Zhicheng, Mr. YANG Zhigang, Ms. YANG Ziyang, Ms. OU Jieping, Ms. OU Jieling and Mr. WU Weizhong, directly or indirectly, must (i) individually or together remain the largest beneficial owner of the entire issued share capital of the Company; (ii) in aggregate, remain the beneficial owners of not less than 40% of the entire issued share capital of the Company; and (iii) retain control of the Company. Failure to comply with any of the above undertakings will constitute an event of default under the 2014 Credit Agreement.

On 31 July 2015, the Company, as the borrower, entered into a facility agreement (the “**2015 Facility Agreement**”) with, Bank of China (Hong Kong) Limited and Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch as original lenders (the “**2015 Original Lenders**”), Ping An Bank Company Limited, Wing Lung Bank, Limited, China Construction Bank (Asia) Corporation Limited, The Bank of East Asia, Limited, BNP Paribas, China Merchants Bank Co., Ltd., Hong Kong Branch, Chong Hing Bank Limited, Industrial Bank Co., Ltd., Hong Kong Branch, Tai Fung Bank Limited and China Guangfa Bank Co., Ltd., Macau Branch, and Bank of China (Hong Kong) Limited as the facility agent (the “**2015 Facility Agent**”), pursuant to which the 2015 Original Lenders have agreed to make available a dual tranche transferrable term loan facilities denominated in both HKD and USD in an aggregate amount equivalent to approximately USD800 million (the “**2015 Loans**”) to the Company for a term of four years commencing from the date of the 2015 Facility Agreement. The 2015 Loans obtained under the 2015 Facility Agreement shall be applied by the Company for (i) firstly, the repayment and/ or prepayment in full of the principal and accrued interest owed by the Company or any member of the Group arising from the 10.50% senior notes due 11 August 2015 issued by the Company; and thereafter, (ii) its general corporate purposes (including repayment and/or prepayment of any other financial indebtedness owed by the Company or any member of the Group). Pursuant to the terms of the 2015 Facility Agreement, among others, the Company has undertaken to ensure that each of Ms. YANG Huiyan and Mr. YEUNG Kwok Keung, directly or indirectly, must (i) individually or collectively remain the largest beneficial owner of the entire issued share capital of the Company; (ii) in aggregate, remain the beneficial owners of not less than 40% of the entire issued share capital of the Company; and (iii) retain control of the Company. Failure to comply with any of the above undertakings will constitute an event of default under the 2015 Facility Agreement. On 7 December 2015, the Company and the 2015 Facility Agent entered into a supplement to the 2015 Facility Agreement pursuant to which, among others, the amount under the 2015 Loans have been increased from USD800 million to USD975 million.

On 8 December 2016, the Company, as the borrower, entered into a facility agreement (the “**2016 Facility Agreement**”) with, Bank of China (Hong Kong) Limited, China Construction Bank (Asia) Corporation Limited, Agricultural Bank of China Limited Hong Kong Branch, The Hongkong and Shanghai Banking Corporation Limited, Standard Chartered Bank (Hong Kong) Limited, Chong Hing Bank Limited, Hang Seng Bank Limited, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, China Everbright Bank Co., Ltd. Hong Kong Branch, Wing Lung Bank, Limited, Malayan Banking Berhad, Tai Fung Bank Limited and Nanyang Commercial Bank, Limited as original lenders (the “**2016 Original Lenders**”), Bank of China (Hong Kong) Limited as the facility agent, pursuant to which the 2016 Original Lenders have agreed to make available a dual tranche transferrable term loan facilities denominated in HKD and USD in the amount of HKD3,790,000,000 and USD1,014,100,000, representing an aggregate amount equivalent to approximately USD1.5 billion (the “**2016 Loans**”) to the Company for a term of four years commencing from the date of the 2016 Facility Agreement. The 2016 Loans obtained under the 2016 Facility Agreement shall be applied by the Company for its general corporate purposes (including repayment and/or prepayment of any other financial indebtedness owed by the Company or any member of the Group), including any bridging loan or prefunding finance arrangement in relation to the 2016 Loans. Pursuant to the terms of the 2016 Facility Agreement, among others, the Company has undertaken to ensure that each of Ms. YANG Huiyan and Mr. YEUNG Kwok Keung, directly or indirectly, must (i) individually or collectively remain the largest beneficial

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owner of the entire issued share capital of the Company; (ii) in aggregate, remain the beneficial owners of not less than 40% of the entire issued share capital of the Company; and (iii) retain control of the Company. Failure to comply with any of the above undertakings will constitute an event of default under the 2016 Facility Agreement.

On 17 October 2017, the Company, as the borrower, entered into a facility agreement (the **“2017 First Facility Agreement”**) with, inter alia, various banks and financial institutions as lenders (the **“2017 First Facility Lenders”**), China Construction Bank Corporation, Hong Kong Branch, as the facility agent, pursuant to which the 2017 First Facility Lenders have agreed to make available a dual tranche transferrable term loan facility denominated in HKD and USD in an amount of HKD2,454 million and USD945 million (increased from US\$935 to US\$945 with effect from 17 January 2018 as allowed by the terms of the 2017 First Facility Agreement), respectively (collectively, the **“2017 First Loans”**) to the Company for a term of four years commencing from the date of the 2017 First Facility Agreement. The 2017 First Loans obtained under the 2017 First Facility Agreement shall be applied by the Company for financing the general corporate purposes of the Group. Pursuant to the terms of the 2017 First Facility Agreement, among others, (i) Ms. YANG Huiyan and Mr. YEUNG Kwok Keung, in aggregate, shall be the largest beneficial owner of the entire issued share capital of the Company; (ii) Ms. YANG Huiyan and Mr. YEUNG Kwok Keung, in aggregate, shall beneficially own at least 40% of the entire issued share capital of the Company; (iii) Ms. YANG Huiyan and Mr. YEUNG Kwok Keung shall have control over the Company; and (iv) either Mr. YEUNG Kwok Keung or Ms. YANG Huiyan shall be the chairperson of the Board. Failure to comply with any of the above requirements will constitute a prepayment event under the 2017 First Facility Agreement.

On 27 December 2017, the Company, as the borrower, entered into a facility agreement (the **“2017 Second Facility Agreement”**) with BNP Paribas as the original lender (the **“2017 Second Facility Original Lender”**), pursuant to which the 2017 Second Facility Original Lender has agreed to make available a term loan facility in an amount of HKD1,781 million (the **“2017 Second Facility”**) to the Company for a term of 36 months commencing from the date of the 2017 Second Facility Agreement. The 2017 Second Facility obtained under the 2017 Second Facility Agreement shall be applied by the Company towards the finance or refinance of (i) the acquisition by Country Garden (Hong Kong) Development Company Limited (**“CG Hong Kong”**), a wholly-owned subsidiary of the Company, of 12.35% interests of a company incorporated under the laws of the Cayman Islands (the **“Target Company”**); and (ii) the subscription of 4.21% interests of the Target Company by CG Hong Kong. Pursuant to the terms of the 2017 Second Facility Agreement, among others, (i) the Company shall own the entire issued share capital in CG Hong Kong; (ii) Ms. YANG Huiyan and Mr. YEUNG Kwok Keung, in aggregate, shall be the largest beneficial owner of the entire issued share capital of the Company, whether directly or indirectly; (iii) Ms. YANG Huiyan and Mr. YEUNG Kwok Keung, in aggregate, shall beneficially own at least 40% of the entire issued share capital of the Company; (iv) Ms. YANG Huiyan and Mr. YEUNG Kwok Keung shall have control over the Company; and (v) either Mr. YEUNG Kwok Keung or Ms. YANG Huiyan shall be the chairperson of the Board. Failure to comply with any of the above requirements will constitute a prepayment event under the 2017 Second Facility Agreement.

INFORMATION FOR SHAREHOLDERS

INTERIM DIVIDEND

The Board declared an interim dividend of RMB18.52 cents (2017 interim dividend: RMB15.02 cents) per Share for the six months ended 30 June 2018 to Eligible Shareholders whose names appear on the register of members of the Company (the “**Register of Members**”) on Tuesday, 18 September 2018 (the “**Record Date**”), with the Eligible Shareholders being given an option to elect to receive such interim dividend all in new Shares or partly in new Shares and partly in cash or all in cash (the “**Scrip Dividend Scheme**”).

The interim dividend was declared in RMB and shall be distributed in Hong Kong dollars. The interim 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 Wednesday, 12 September 2018 to Tuesday, 18 September 2018.

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, 19 October 2018. It is expected that the interim dividend warrants and certificates for the new Shares will be dispatched to the Eligible Shareholders on or around Friday, 23 November 2018.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the Eligible Shareholders’ entitlement to the interim dividend, the Register of Members will be closed as appropriate as set out below:

Ex-dividend date	Wednesday, 12 September 2018
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, 13 September 2018
Closure of Register of Members	Friday, 14 September 2018 to Tuesday, 18 September 2018 (both days inclusive)
Record Date	Tuesday, 18 September 2018

For purpose 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 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong no later than the aforementioned latest time.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited 30 June 2018 RMB million	Audited 31 December 2017 RMB million
Non-current assets			
Property, plant and equipment	8	22,902	21,628
Investment properties	8	12,523	8,338
Intangible assets		561	392
Land use rights		2,608	2,425
Properties under development	9	140,805	98,840
Investments in joint ventures	10	26,742	19,346
Investments in associates	11	16,205	11,585
Financial assets at fair value through other comprehensive income		1,496	1,517
Derivative financial instruments		125	113
Trade and other receivables	12	11,230	5,372
Deferred income tax assets		11,432	12,198
		246,629	181,754
Current assets			
Properties under development	9	512,974	360,922
Completed properties held for sale		31,330	27,886
Inventories		5,858	4,252
Trade and other receivables	12	351,186	270,541
Contract assets and acquisition costs	13	14,141	15,738
Prepaid taxes		26,552	15,297
Restricted cash	14	13,487	11,318
Cash and cash equivalents	14	196,427	137,084
Financial assets at fair value through profit or loss	15	4,293	24,830
Derivative financial instruments		166	47
		1,156,414	867,915
Current liabilities			
Contract liabilities		469,494	346,748
Trade and other payables	16	442,391	330,884
Receipts under securitisation arrangements		794	1,805
Current income tax liabilities		22,259	21,607
Senior notes	17	5,349	3,795
Corporate bonds	18	17,726	16,814
Convertible bonds	19	12,914	–
Dividend payable	27	5,424	–
Bank and other borrowings	20	72,115	47,672
Derivative financial instruments		201	212
		1,048,667	769,537
Net current assets		107,747	98,378
Total assets less current liabilities		354,376	280,132

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited 30 June 2018 RMB million	Audited 31 December 2017 RMB million
Non-current liabilities			
Senior notes	17	28,411	28,118
Corporate bonds	18	30,146	30,520
Bank and other borrowings	20	127,260	87,845
Deferred government grants		44	233
Deferred income tax liabilities		25,639	16,448
Derivative financial instruments		429	356
		211,929	163,520
Equity attributable to owners of the Company			
Share capital and premium	21	30,184	24,461
Other reserves	22	5,385	5,943
Retained earnings	22	69,375	63,267
		104,944	93,671
Non-controlling interests		37,503	22,941
Total equity		142,447	116,612
Total equity and non-current liabilities		354,376	280,132

The notes on pages 52 to 84 form an integral part of this interim financial information.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Unaudited Six months ended 30 June	
		2018 RMB million	2017 RMB million
Revenue	7	131,894	77,738
Cost of sales	24	(96,921)	(60,641)
Gross profit		34,973	17,097
Other income and gains — net	23	1,758	1,693
Gains arising from changes in fair value of and transfer to investment properties	8	539	159
Selling and marketing costs	24	(4,502)	(3,337)
Administrative expenses	24	(5,551)	(3,960)
Research and development expenses	24	(331)	(78)
Operating profit		26,886	11,574
Finance income	25	777	830
Finance costs	25	(596)	—
Finance income — net	25	181	830
Share of results of joint ventures and associates	10,11	(210)	6
Profit before income tax		26,857	12,410
Income tax expenses	26	(10,538)	(4,037)
Profit for the period		16,319	8,373
Profit attributable to:			
— Owners of the Company		12,939	7,501
— Non-controlling interests		3,380	872
		16,319	8,373
Earnings per share attributable to owners of the Company (expressed in RMB cents per share)			
Basic	28	60.03	34.95
Diluted	28	57.80	34.88

The notes on pages 52 to 84 form an integral part of this interim financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Unaudited Six months ended 30 June	
		2018 RMB million	2017 RMB million
Profit for the period		16,319	8,373
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
– Change in fair value of financial assets at fair value through other comprehensive income, net of tax		(14)	32
Items that may be reclassified to profit or loss:			
– Deferred gains/(losses) on cash flow hedges, net of tax		2	(60)
– Deferred (costs)/gains of hedging, net of tax		(169)	416
– Currency translation differences		(261)	(173)
Total other comprehensive income for the period, net of tax		(442)	215
Total comprehensive income for the period		15,877	8,588
Total comprehensive income attributable to:			
– Owners of the Company		12,514	7,777
– Non-controlling interests		3,363	811
		15,877	8,588

The notes on pages 52 to 84 form an integral part of this interim financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited					
	Attributable to owners of the Company					
	Share capital and premium RMB million (note 21)	Other reserves RMB million (note 22)	Retained earnings RMB million (note 22)	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
Balance at 1 January 2018	24,461	5,943	63,267	93,671	22,941	116,612
Comprehensive income for the six months ended 30 June 2018						
Profit for the period	-	-	12,939	12,939	3,380	16,319
Other comprehensive income	-	(425)	-	(425)	(17)	(442)
Total comprehensive income for the six months ended 30 June 2018	-	(425)	12,939	12,514	3,363	15,877
Transactions with owners in their capacity as owners:						
Capital injections from non-controlling interests	-	-	-	-	2,027	2,027
Transfer to statutory reserves	-	132	(132)	-	-	-
Issue of shares (note 21)	6,339	-	-	6,339	-	6,339
Dividends (note 27(a))	-	-	(5,424)	(5,424)	-	(5,424)
Distribution in specie (note 27(b))	-	(490)	(1,275)	(1,765)	(25)	(1,790)
Buy-back of shares (note 21)	(616)	-	-	(616)	-	(616)
Employee share schemes						
– value of employee services	-	230	-	230	-	230
Equity component of convertible bonds (note 19)	-	375	-	375	-	375
Non-controlling interests arising						
– from business combination (note 31)	-	-	-	-	9,160	9,160
Disposal of subsidiaries (note 30)	-	-	-	-	(230)	(230)
Changes in ownership interests in subsidiaries without change of control	-	(380)	-	(380)	267	(113)
Total transactions with owners	5,723	(133)	(6,831)	(1,241)	11,199	9,958
Balance at 30 June 2018	30,184	5,385	69,375	104,944	37,503	142,447

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited					
	Attributable to owners of the Company					
	Share capital and premium RMB million (note 21)	Other reserves RMB million (note 22)	Retained earnings RMB million (note 22)	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
Balance at 1 January 2017	25,677	4,484	43,120	73,281	11,922	85,203
Comprehensive income for the six months ended 30 June 2017						
Profit for the period	-	-	7,501	7,501	872	8,373
Other comprehensive income	-	276	-	276	(61)	215
Total comprehensive income for the six months ended 30 June 2017	-	276	7,501	7,777	811	8,588
Transactions with owners in their capacity as owners:						
Capital injections from non-controlling interests	-	-	-	-	1,483	1,483
Dividends	-	-	(2,177)	(2,177)	-	(2,177)
Buy-back of shares	(641)	-	-	(641)	-	(641)
Employee share schemes – value of employee services	-	140	-	140	-	140
Non-controlling interests arising from business combination	-	-	-	-	1,806	1,806
Disposal of subsidiaries	-	-	-	-	(245)	(245)
Changes in ownership interests in subsidiaries without change of control	-	22	-	22	125	147
Total transactions with owners	(641)	162	(2,177)	(2,656)	3,169	513
Balance at 30 June 2017	25,036	4,922	48,444	78,402	15,902	94,304

The notes on pages 52 to 84 form an integral part of this interim financial information.

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Note	Unaudited	
		Six months ended 30 June	
		2018	2017
		RMB million	RMB million
Cash flows from operating activities			
Cash generated from operations		24,567	30,066
Income tax paid		(13,963)	(9,752)
Interest paid		(7,437)	(3,890)
Net cash generated from operating activities		3,167	16,424
Cash flows from investing activities			
Net cash outflow on acquisitions of subsidiaries	31	(7,235)	(2,059)
Proceeds from disposal of property, plant and equipment		137	213
Purchases of property, plant and equipment		(2,033)	(1,560)
Payments for investment properties		(36)	(11)
Purchases of intangible assets		(63)	(4)
Purchases of land use rights		(282)	(17)
Investments in joint ventures		(5,222)	(1,721)
Investments in associates		(3,243)	(865)
Deposits for acquisitions of companies		(8,738)	(5,773)
Loans advanced to third parties		(69)	(1,067)
Net cash outflow on disposals of subsidiaries	30	(1,569)	(188)
Payments for financial assets at fair value through other comprehensive income		(2)	-
Payments for financial assets at fair value through profit or loss		(4,014)	(2,013)
Proceeds from disposal of financial assets at fair value through profit or loss		24,522	816
Repayments from loans to third parties		99	561
Interest received		777	405
Net cash used in investing activities		(6,971)	(13,283)

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Note	Unaudited	
		Six months ended 30 June	
		2018	2017
		RMB million	RMB million
Cash flows from financing activities			
Capital injections from non-controlling interests		2,027	1,483
Buy-back of shares	21	(616)	(641)
Proceeds from disposal of interests in subsidiaries without loss of control		6	148
Payments for acquisition of additional interests in subsidiaries		(738)	(1)
Issue of shares	21	6,339	–
Net cash distributed in respect of distribution in specie	27	(3,085)	–
Issue of corporate bonds		324	–
Issue of senior notes		6,451	–
Issue of convertible bonds		12,546	–
Early redemption of senior notes		(4,942)	–
Redemption of corporate bonds		(3,800)	–
Repayments of bank and other borrowings		(28,803)	(17,945)
Proceeds from bank and other borrowings		78,660	39,898
Repayment of receipts under securitisation arrangements		(1,011)	(390)
Settlement of derivative financial instruments		(279)	(146)
Net cash generated from financing activities		63,079	22,406
Net increase in cash and cash equivalents		59,275	25,547
Cash and cash equivalents at the beginning of the period		137,084	84,647
Exchange gains/(losses) on cash and cash equivalents		68	(81)
Cash and cash equivalents at the end of the period		196,427	110,113

The notes on pages 52 to 84 form an integral part of this interim financial information.

NOTES TO THE INTERIM FINANCIAL INFORMATION

1 General information

Country Garden Holdings Company Limited (the “Company”) was incorporated in the Cayman Islands on 10 November 2006 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681 Grand Cayman, KY1-1111 Cayman Islands. The Company is engaged in investment holding and its subsidiaries (collectively, the “Group”) are principally engaged in the property development, construction, property investment and hotel operation.

The Company’s shares are listed on The Stock Exchange of Hong Kong Limited.

This interim financial information is presented in Renminbi (“RMB”), unless otherwise stated, and was approved by the Board of Directors of the Company for issue on 21 August 2018. The interim financial information has not been audited.

2 Basis of preparation

This interim financial information for the six months ended 30 June 2018 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, ‘Interim Financial Reporting’. This interim financial information should be read in conjunction with the annual consolidated financial statements of the Company for the year ended 31 December 2017 (“2017 Financial Statements”), which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) and disclosure requirements of the Stock Exchange of Hong Kong Limited, and any public announcements made by the Company during the interim reporting period.

NOTES TO THE INTERIM FINANCIAL INFORMATION

3 Significant accounting policies

Except as described in Note 4 below, the accounting policies applied are consistent with those of the 2017 Financial Statements as described therein.

The Group has early adopted HKFRS 9 “Financial instruments” (“HKFRS 9”) on 1 January 2016 and HKFRS 15 “Revenue from Contracts with Customers” (“HKFRS 15”) on 1 January 2017. Other amendments and interpretations to existing standards that are effective for the financial year beginning on 1 January 2018 and adopted by the Group for this period either do not have a material impact or are not relevant to the Group.

New and revised standards, amendments and interpretations to existing standards have been issued and relevant to the Group but are not effective for the financial year beginning on 1 January 2018 and have not been early adopted:

		Effective for the financial year beginning on or after
HKFRS 16	Leases	1 January 2019
HK (IFRIC) 23	Uncertainty over income tax treatment	1 January 2019
HKFRS 17	Insurance contracts	1 January 2021
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associates or joint ventures	To be determined

The above new standards, amendments and interpretations to standards are effective for annual periods beginning after 1 January 2018 and have not been early applied in preparing the interim financial information. None of these is expected to have a significant impact on the Group’s accounting policies.

NOTES TO THE INTERIM FINANCIAL INFORMATION

4 Change in accounting policies

During the six months period ended 30 June 2018, the Group has changed and separated its presentation of profit and loss section from a single consolidated statement of comprehensive income into two separate statements- a consolidated income statement and a consolidated statement of comprehensive income. As the number of items of other comprehensive income increased, the directors of the Company considered that the change would result in a more clear presentation of the Group's performance in these consolidated financial statements to the readers. The change in presentation has been applied retrospectively.

5 Judgements and estimates

The preparation of the interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the 2017 Financial Statements.

6 Financial risk management

6.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (mainly including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

The interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the 2017 Financial Statements.

There have been no significant changes in the risk management department or in any risk management policies since the last year end.

NOTES TO THE INTERIM FINANCIAL INFORMATION

6 Financial risk management *(Continued)*

6.2 Liquidity risk

The table below analyses the Group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity grouping based on the remaining period at the date of statement of financial position to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows and include interest, if applicable.

	Less than 1 year RMB million	Between 1 and 2 years RMB million	Between 2 and 5 years RMB million	Over 5 years RMB million	Total RMB million
Unaudited					
At 30 June 2018					
Senior notes	6,913	7,653	17,094	8,780	40,440
Bank and other borrowings	82,333	63,083	71,187	2,794	219,397
Corporate bonds	19,056	17,625	15,013	–	51,694
Convertible bonds	13,251	–	–	–	13,251
Derivative financial instruments	201	76	353	–	630
Trade and other payables (excluding other taxes payable and salaries payable)	402,730	–	–	–	402,730
Receipts under securitisation arrangements	813	–	–	–	813
Dividend payable	5,424	–	–	–	5,424
Total	530,721	88,437	103,647	11,574	734,379

	Less than 1 year RMB million	Between 1 and 2 years RMB million	Between 2 and 5 years RMB million	Over 5 years RMB million	Total RMB million
Audited					
At 31 December 2017					
Senior notes	5,550	3,616	20,017	13,095	42,278
Bank and other borrowings	54,005	40,927	52,181	773	147,886
Corporate bonds	18,657	18,858	14,773	–	52,288
Derivative financial instruments	212	55	301	–	568
Trade and other payables (excluding other taxes payable and salaries payable)	298,558	–	–	–	298,558
Receipts under securitisation arrangements	1,880	–	–	–	1,880
Total	378,862	63,456	87,272	13,868	543,458

NOTES TO THE INTERIM FINANCIAL INFORMATION

6 Financial risk management *(Continued)*

6.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by level of the inputs to valuation techniques used to measure fair value.

	Level 1 RMB million	Level 2 RMB million	Level 3 RMB million	Total RMB million
At 30 June 2018				
Assets				
Financial assets at fair value through other comprehensive income	86	–	1,410	1,496
Derivative financial instruments	–	291	–	291
Financial assets at fair value through profit or loss	279	4,014	–	4,293
Total	365	4,305	1,410	6,080
Liabilities				
Derivative financial instruments	–	630	–	630
At 31 December 2017				
Assets				
Financial assets at fair value through other comprehensive income	–	–	1,517	1,517
Derivative financial instruments	–	160	–	160
Financial assets at fair value through profit or loss	308	24,522	–	24,830
Total	308	24,682	1,517	26,507
Liabilities				
Derivative financial instruments	–	568	–	568

The Group transferred its equity interest in a company listed on the National Association of Securities Dealers Automated Quotations (the “NASDAQ”) from level 3 to level 1 as the shares actively traded on the NASDAQ after the lock-up period.

Except as described above, there were no transfers among level 1, 2 and 3 during the period.

There were no changes in valuation techniques during the period.

NOTES TO THE INTERIM FINANCIAL INFORMATION

7 Revenue and segment information

The executive directors review the Group's internal reporting in order to assess performance and allocate resources. The executive directors have determined the operating segments based on these reports.

In previous year, the executive directors assessed the performance of the Group organised into five business segments as follows: Property development, Construction, Property investment, Property management, and Hotel operation.

During the six months ended 30 June 2018, the executive directors reassessed the performance and operations of the Group and concluded that the Group only have two reportable segments - Property development and Construction, and the other segments are individually and collectively insignificant for segment reporting purposes. The comparatives information has been restated.

The executive directors 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 financial assets at fair value through profit or loss, and including share of results of joint ventures and associates.

Segment assets consist primarily of property, plant and equipment, intangible assets, land use rights, investment properties, properties under development, investments in joint ventures, investments in associates, completed properties held for sale, inventories, receivables, prepaid tax, contract assets and acquisition costs and operating cash. They exclude deferred income tax assets, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss and derivative financial instruments. Segment liabilities consist primarily of operating liabilities. They exclude senior notes, corporate bonds, convertible bonds, receipts under securitisation arrangements, bank and other borrowings, dividend payable, current and deferred income tax liabilities and derivative financial instruments.

Capital expenditure comprises additions to property, plant and equipment, investment properties, land use rights and intangible assets, excluding those arising from business combination.

Revenue consists of the following:

	Six months ended 30 June	
	2018	2017
	RMB million	RMB million
Sales and construction of properties under property development activities	126,885	74,475
Rendering of other construction services	2,457	1,106
Rental income	117	76
Rendering of property management services	1,632	1,208
Rendering of hotel service and others	803	873
	131,894	77,738

NOTES TO THE INTERIM FINANCIAL INFORMATION

7 Revenue and segment information *(Continued)*

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 diversified number of customers, none of whom contributed 10% or more of the Group's revenue.

The segment information provided to the executive directors for the reportable segments is as follows:

	Property development RMB million	Construction RMB million	Others RMB million	Total Group RMB million
Six months ended 30 June 2018				
Revenue from contracts with customers	126,885	16,682	2,807	146,374
Recognised at a point in time	87,316	–	71	87,387
Recognised over time	39,569	16,682	2,736	58,987
Revenue from other sources: rental income	–	–	117	117
Segment revenue	126,885	16,682	2,924	146,491
Inter-segment revenue	–	(14,225)	(372)	(14,597)
Revenue from external customers	126,885	2,457	2,552	131,894
Share of results of joint ventures and associates	(210)	–	–	(210)
Gains arising from changes in fair value of and transfer to investment properties	–	–	539	539
Depreciation and amortisation expenses of property, plant and equipment, intangible assets and land use rights	167	15	336	518
Amortisation of incremental costs for obtaining contracts with customers	621	–	–	621
Segment results	25,475	163	1,032	26,670
At 30 June 2018				
Total segment assets after elimination of inter-segment balances	1,341,344	17,657	26,530	1,385,531
Investments in joint ventures and associates	42,947	–	–	42,947
Capital expenditure	665	19	1,731	2,415
Total segment liabilities after elimination of inter-segment balances	892,452	16,471	3,006	911,929

NOTES TO THE INTERIM FINANCIAL INFORMATION

7 Revenue and segment information *(Continued)*

	Property development RMB million	Construction RMB million	Others RMB million	Total Group RMB million
Six months ended 30 June 2017				
Revenue from contracts with customers	74,475	10,064	2,326	86,865
Recognised at a point in time	59,725	–	–	59,725
Recognised over time	14,750	10,064	2,326	27,140
Revenue from other sources: rental income	–	–	76	76
Segment revenue	74,475	10,064	2,402	86,941
Inter-segment revenue	–	(8,958)	(245)	(9,203)
Revenue from external customers	74,475	1,106	2,157	77,738
Share of results of joint ventures and associates	7	–	(1)	6
Gains arising from changes in fair value of and transfer to investment properties	–	–	159	159
Depreciation and amortisation expenses of property, plant and equipment, intangible assets and land use rights	115	14	304	433
Amortisation of incremental costs for obtaining contracts with customers	180	–	–	180
Segment results	11,254	92	377	11,723
At 31 December 2017				
Total segment assets after elimination of inter-segment balances	970,470	16,950	23,544	1,010,964
Investments in joint ventures and associates	30,913	–	18	30,931
Capital expenditure	1,819	26	1,574	3,419
Total segment liabilities after elimination of inter-segment balances	659,724	14,987	3,154	677,865

Reportable segment results are reconciled to profit before income tax as follows:

	Six months ended 30 June	
	2018	2017
	RMB million	RMB million
Total segment results	26,670	11,723
Changes in fair value of derivative financial instruments	36	(168)
Fair value (losses)/gains on financial assets at fair value through profit or loss	(30)	25
Finance income — net	181	830
Profit before income tax	26,857	12,410

NOTES TO THE INTERIM FINANCIAL INFORMATION

7 Revenue and segment information *(Continued)*

Reportable segments' assets and liabilities are reconciled to total assets and total liabilities as follows:

	30 June 2018	31 December 2017
	RMB million	RMB million
Total segment assets after elimination of inter-segment balances	1,385,531	1,010,964
Deferred income tax assets	11,432	12,198
Financial assets at fair value through other comprehensive income	1,496	1,517
Derivative financial instruments	291	160
Financial assets at fair value through profit or loss	4,293	24,830
Total assets	1,403,043	1,049,669
Total segment liabilities after elimination of inter-segment balances	911,929	677,865
Dividend payable	5,424	–
Deferred income tax liabilities	25,639	16,448
Current income tax liabilities	22,259	21,607
Senior notes	33,760	31,913
Bank and other borrowings	199,375	135,517
Corporate bonds	47,872	47,334
Convertible bonds	12,914	–
Receipts under securitisation arrangements	794	1,805
Derivative financial instruments	630	568
Total liabilities	1,260,596	933,057

NOTES TO THE INTERIM FINANCIAL INFORMATION

8 Property, plant and equipment and investment properties

	Property, plant and equipment RMB million	Investment properties RMB million
Six months ended 30 June 2018		
Opening net book amount at 1 January 2018	21,628	8,338
Acquisition of subsidiaries (note 31)	572	2,862
Other additions	2,033	36
Transfer from properties under development and completed properties held for sale	–	1,079
Revaluation gains upon transfers	–	381
Fair value change	–	158
Transfer to properties under development	–	(331)
Disposal of subsidiaries	(772)	–
Other disposals	(82)	–
Depreciation	(560)	–
Exchange differences	83	–
Closing net book amount at 30 June 2018	22,902	12,523
Six months ended 30 June 2017		
Opening net book amount at 1 January 2017	20,877	9,773
Acquisition of subsidiaries	108	–
Other additions	1,563	11
Transfer from properties under development and completed properties held for sale	–	214
Revaluation gains upon transfers	–	30
Fair value change	–	129
Transfer to properties under development	–	(345)
Disposal of subsidiaries	(12)	(438)
Other disposals	(203)	–
Depreciation	(539)	–
Exchange differences	5	–
Closing net book amount at 30 June 2017	21,799	9,374

The Group's investment properties were valued at transfer or business acquisition dates, and at 30 June 2018 by Jones Lang LaSalle Corporate Appraisal and Advisory Limited or Cushman & Wakefield Limited, independent and professionally qualified valuers who hold recognised relevant professional qualifications and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates the highest and best use.

There were no changes to the valuation techniques during the period.

The Group's policy is to recognise change of fair value hierarchy levels as of the date of event or change in circumstances that caused the change. At 30 June 2018 and 31 December 2017, the Group only had investment properties measured at level 3 valuation.

NOTES TO THE INTERIM FINANCIAL INFORMATION

9 Properties under development

	30 June 2018 RMB million	31 December 2017 RMB million
Properties under development expected to be completed and delivered:		
– Within a normal operating cycle included under current assets	512,974	360,922
– Beyond a normal operating cycle included under non-current assets	140,805	98,840
	653,779	459,762
Amount comprises:		
– Construction costs including depreciation and staff cost capitalised	284,928	200,404
– Land use rights	352,382	249,325
– Borrowings costs capitalised	16,469	10,033
	653,779	459,762

The normal operating circle of the Group's property development generally ranges from one to two years.

At 30 June 2018, properties under development included the costs to fulfil contracts amounting to RMB284,758 million (31 December 2017: RMB270,353 million).

At 30 June 2018, properties under development amounting to RMB269,654 million (31 December 2017: RMB226,911 million) were expected to be completed and delivered beyond one year.

The capitalisation rate used to determine the amount of interest on general borrowings incurred eligible for capitalisation for the six months ended 30 June 2018 was 6.21% per annum (six months ended 30 June 2017: 5.75% per annum). Most of the properties under development are located in Mainland China.

NOTES TO THE INTERIM FINANCIAL INFORMATION

10 Investments in joint ventures

	Six months ended	
	30 June 2018 RMB million	30 June 2017 RMB million
At 1 January	19,346	7,311
Transfer from subsidiaries	778	286
Other additions	7,048	2,310
Transfer to subsidiaries	(112)	(463)
Disposals	(39)	(5)
Share of results	(279)	(120)
– Gains arising from negative goodwill	51	304
– Others	(330)	(424)
At 30 June	26,742	9,319

The balance comprises the following:

	30 June 2018 RMB million	31 December 2017 RMB million
Unlisted investments		
– Share of net assets	26,477	19,132
– Goodwill	265	214
	26,742	19,346

Additions during the period mainly included the acquisitions of shares in a number of property development companies and the investments in a number of newly established property development companies together with certain third parties. None of the acquisitions was individually significant to the Group.

The negative goodwill was mainly resulted from the fact that the joint ventures partners intended to cooperate with a leading property developer in the PRC to resolve liquidity issues or bring in industry expertise.

The goodwill arose from the acquisitions of properties development companies is mainly attributable to economies of scale expected from the acquisitions.

As at 30 June 2018, certain borrowings of joint ventures were guaranteed by the Group and/or secured by the Group's certain interests in joint ventures with an aggregate carrying value of RMB3,113 million (31 December 2017: RMB2,071 million).

NOTES TO THE INTERIM FINANCIAL INFORMATION

11 Investments in associates

	Six months ended	
	30 June 2018 RMB million	30 June 2017 RMB million
At 1 January	11,585	3,873
Transfer from subsidiaries	286	489
Other additions	5,332	2,162
Transfer to subsidiaries	(965)	(572)
Disposals	(102)	–
Share of results	69	126
– Gains arising from negative goodwill	153	274
– Others	(84)	(148)
At 30 June	16,205	6,078

Additions during the period mainly included the acquisitions of shares in a number of property development companies and the investments in a number of newly established property development companies together with third parties. None of the acquisition was individually significant to the Group.

The negative goodwill was mainly resulted from the fact that other shareholders intended to cooperate with a leading property developer in the PRC to resolve liquidity issues or bring in industry expertise.

As at 30 June 2018, certain borrowings of associates were guaranteed by the Group and/or secured by the Group's certain interests in associates with an aggregate carrying value of RMB2,489 million (31 December 2017: RMB722 million).

12 Trade and other receivables

	30 June 2018 RMB million	31 December 2017 RMB million
Included in current assets		
– Trade receivables – net (note (a))	19,059	28,944
– Other receivables – net (note (b))	215,071	134,476
– Loans to related and third parties – net	2,323	2,684
– Prepayments for land (note (c))	101,805	97,035
– Other prepayments	12,928	7,402
	351,186	270,541
Included in non-current assets		
– Loans to third parties	1,057	726
– Deposits for acquisitions of companies	10,173	4,646
	11,230	5,372
	362,416	275,913

NOTES TO THE INTERIM FINANCIAL INFORMATION

12 Trade and other receivables *(Continued)*

(a) Details of trade receivables are as follows:

	30 June 2018	31 December 2017
	RMB million	RMB million
Trade receivables	19,122	29,054
Less: allowance for impairment	(63)	(110)
Trade receivables — net	19,059	28,944

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:

	30 June 2018	31 December 2017
	RMB million	RMB million
Within 90 days	17,222	25,923
Over 90 days and within 180 days	987	1,487
Over 180 days and within 365 days	559	798
Over 365 days	354	846
	19,122	29,054

At 30 June 2018 and 31 December 2017, trade receivables were mainly denominated in RMB.

The Group applies the simplified approach to provide for life time expected credit losses as prescribed by HKFRS 9. As at 30 June 2018, a provision of RMB63 million (31 December 2017: RMB110 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 diversified number of customers. Trade receivables were collateralised by the titles of the properties sold.

NOTES TO THE INTERIM FINANCIAL INFORMATION

12 Trade and other receivables *(Continued)*

(b) Details of other receivables are as follows:

	30 June 2018	31 December 2017
	RMB million	RMB million
Amounts due from related parties	76,460	45,047
Land auction and other deposits	50,880	32,962
Others(*)	88,979	57,186
	216,319	135,195
Less: allowance for impairment	(1,248)	(719)
Other receivables — net	215,071	134,476

* These receivables mainly included current accounts due from the other shareholders of certain subsidiaries, joint ventures and associates of the Group for various payments on their behalf, which are interest-free, unsecured and receivable according to contract terms.

(c) Prepayments for land use rights are related to prepaid land acquisition costs while the relevant land use right certificates have not been obtained at 30 June 2018.

13 Contract assets and acquisition costs

Details of contract assets and acquisition costs are as follows:

	30 June 2018	31 December 2017
	RMB million	RMB million
Contract assets related to sales of properties	5,906	8,417
Contract assets related to construction services	2,240	1,696
Costs for obtaining contracts	5,995	5,625
	14,141	15,738

NOTES TO THE INTERIM FINANCIAL INFORMATION

14 Cash and cash equivalents

	30 June 2018 RMB million	31 December 2017 RMB million
Cash at banks and on hand	168,734	135,005
Short-term deposits	41,180	13,397
	209,914	148,402
Less: restricted cash	(13,487)	(11,318)
	196,427	137,084

The short-term deposits are denominated in RMB and have terms ranging from 7 days to 3 months. The effective interest rate of these deposits as at 30 June 2018 was 1% per annum (31 December 2017: 3.42% per annum).

In accordance with relevant government requirements, certain property development companies of the Group are required to place in designated bank accounts certain amount of pre-sale proceeds as guarantee deposits for the constructions of the related properties. The deposits can only be used for payments for construction costs of the relevant properties when approval from related government authority is obtained. Such guarantee deposits will be released after the completion of construction of the related properties.

Cash and deposits are denominated in the following currencies:

	30 June 2018 RMB million	31 December 2017 RMB million
RMB	195,774	138,923
HKD	6,755	2,235
USD	1,594	2,253
RM	4,535	3,685
Other currencies	1,256	1,306
	209,914	148,402

The conversion of RMB and RM denominated balances into other currencies and the remittance of bank balances and cash out of the PRC and Malaysia are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC and Malaysian governments.

NOTES TO THE INTERIM FINANCIAL INFORMATION

15 Financial assets at fair value through profit or loss

	30 June 2018 RMB million	31 December 2017 RMB million
PRC listed equity security (note (a))	279	308
Wealth management products (note (b))	4,014	24,522
	4,293	24,830

- (a) This represented a 2.29% (31 December 2017: 2.29%) equity interest in Shenzhen Tiantu Investment Management Co., Ltd, which is mainly engaged in investment activities and is listed on the National Equities Exchange and Quotations in the PRC. The fair value of the investment at 30 June 2018 was calculated using the quoted market price.
- (b) Wealth management products are mainly investments in financial products issued by certain financial institutions. The fair values of these investments approximated their carrying values as at 30 June 2018.

16 Trade and other payables

	30 June 2018 RMB million	31 December 2017 RMB million
Trade payables (note (a))	214,571	165,314
Other payables (note (b))	187,131	132,664
Other taxes payable	34,786	24,712
Salaries payable	4,875	7,614
Accrued expenses	1,028	580
	442,391	330,884

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

	30 June 2018 RMB million	31 December 2017 RMB million
Within 90 days	180,170	138,681
Over 90 days and within 180 days	26,547	21,155
Over 180 days and within 365 days	4,904	3,609
Over 365 days	2,950	1,869
	214,571	165,314

- (b) Other payables mainly included deposits from property purchasers 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.

NOTES TO THE INTERIM FINANCIAL INFORMATION

17 Senior notes

	Six months ended	
	30 June 2018 RMB million	30 June 2017 RMB million
As at 1 January	31,913	29,264
Additions (note (a))	6,451	–
Early redemption (note (b))	(4,757)	–
Interest expenses	1,280	1,017
Coupon interest paid	(1,138)	(1,001)
Exchange differences	11	(711)
	33,760	28,569
Less: current portion included in current liabilities	(5,349)	(469)
Included in non-current liabilities	28,411	28,100

- (a) On 17 January 2018, the Company issued two senior notes in an aggregate principal amount of USD250 million and USD600 million respectively (the “2023 Notes III” and the “2025 Notes”). The 2023 Notes III carry interest at the rate of 4.750% per annum, payable semi-annually on 17 January and 17 July in arrears, and will mature on 17 January 2023, unless redeemed earlier. The 2025 Notes carry interest at the rate of 5.125% per annum, payable semi-annually on 17 January and 17 July in arrears, and will mature on 17 January 2025, unless redeemed earlier.

On 12 March 2018, the Company issued senior notes in an aggregate principal amount of RMB950 million (the “2021 Notes II”). The 2021 Notes II carry interest at the rate of 5.8% per annum, payable semi-annually on 12 March and 12 September in arrears, and will mature on 12 March 2021, unless redeemed earlier.

- (b) On 20 February 2018 (the “Redemption Date”), the outstanding senior notes maturing in 2023 in the aggregated principal amount of USD750 million (the “2023 Notes I”) were early redeemed at a redemption price equal to 103.75% of the principal amount thereof, plus accrued and unpaid interest of approximately USD6 million to the Redemption Date. The total redemption price paid by the Company on the Redemption Date was approximately USD784 million. The difference between the redemption price and the carrying amount of the 2023 Notes I on the Redemption Date, amounting to approximately USD28 million (equivalent to approximately RMB185 million), was charged to profit or loss under ‘finance income – net’ (note 25).
- (c) Except for the senior notes amounting to USD750 million, all senior notes are listed on the Singapore Exchange Securities Trading Limited.
- (d) Except for the senior notes amounting to USD250 million that will mature in 2019 and amounting to USD500 million that will mature in 2018, the Company has call options to redeem all senior notes in whole or in part prior to their maturity at the redemption price as defined in the indenture agreements of these senior notes. Apart from the above early redemption option, the holders of the senior notes in an aggregated principal amount of USD350 million that will mature in year 2026 have a put option to request the Company to repurchase their notes on 15 December 2021 at the price equal to 100% of the principle amounts of their notes. The directors consider that the fair values of these call and put options were insignificant on initial recognition and at 30 June 2018 and 31 December 2017.

NOTES TO THE INTERIM FINANCIAL INFORMATION

18 Corporate bonds

	Six months ended	
	30 June 2018 RMB million	30 June 2017 RMB million
As at 1 January	47,334	37,710
Acquisition of subsidiaries (note 31)	3,475	–
Additions	324	–
Repayment upon maturity	(3,800)	–
Interest expenses	1,304	895
Coupon interest paid	(765)	(372)
Exchange differences	–	3
	47,872	38,236
Less: current portion included in current liabilities	(17,726)	(13,311)
Included in non-current liabilities	30,146	24,925

Certain corporate bonds issued by the Group contain a debt component, put option and coupon rate adjustment options. Debt component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

The directors consider that the fair values of the above options were insignificant on initial recognition and at 30 June 2018 and 31 December 2017.

NOTES TO THE INTERIM FINANCIAL INFORMATION

19 Convertible bonds

On 16 January 2018, the Group entered into a bond subscription agreement for HKD-settled convertible bonds in an aggregate principal amount of HKD15,600 million (equivalent to approximately RMB12,634 million) due 27 January 2019, with an initial conversion price of HKD20.556 per share. The conversion price was subsequently modified to HKD18.65 per share as a result of payment of dividend and distribution in specie. On 30 January 2018 (the "Issue Date"), the convertible bonds were issued. The net proceeds from the issue of the convertible bonds were approximately RMB12,546 million, net of transaction cost approximately RMB88 million. The initial value of the liability component of approximately RMB12,171 million (the fair value was calculated using a market interest rate for an equivalent non-convertible bond) and the equity conversion component of approximately RMB375 million were determined at issuance of the bond. The liability component is subsequently stated at amortised cost until conversion or maturity of the bond. The residual amount, representing the value of the equity conversion component, is accounted for as a conversion option reserve included in other reserves.

The convertible bonds recognised are calculated as follows:

	RMB million
Face value of the convertible bonds on the Issue Date	12,634
Transaction costs	(88)
Net proceeds	12,546
Less: equity component	(375)
Liability component on initial recognition	12,171
Currency translation differences	500
Interest accrued	243
Liability component at 30 June 2018	12,914

Interest expenses on the liability component of the convertible bonds are calculated using the effective interest method, applying the effective interest rate of 4.59% per annum.

Up to 30 June 2018, there has been no conversion or redemption of the convertible bonds.

NOTES TO THE INTERIM FINANCIAL INFORMATION

20 Bank and other borrowings

	30 June 2018	31 December 2017
	RMB million	RMB million
Included in non-current liabilities:		
– secured	94,481	48,338
– unsecured	79,164	70,496
Less: current portion	(46,385)	(30,989)
	127,260	87,845
Included in current liabilities:		
– secured	7,587	4,138
– unsecured	18,143	12,545
Current portion of non-current liabilities	46,385	30,989
	72,115	47,672
Total bank and other borrowings	199,375	135,517

The Group's borrowings as at 30 June 2018 of RMB102,068 million (31 December 2017: RMB52,476 million), were secured by certain properties, land use rights and equipment of the Group with total carrying values of RMB80,948 million (31 December 2017: RMB35,016 million) and/or secured by the Group's equity investment interests.

The annual weighted average effective interest rates of bank and other borrowings is 6.26% per annum for the six months ended 30 June 2018 (six months ended 30 June 2017: 5.81% per annum).

The carrying amounts of the bank and other borrowings approximated their fair values as these borrowings are mainly floating-rate borrowings.

The carrying amounts of the bank and other borrowings are denominated in the following currencies:

	30 June 2018	31 December 2017
	RMB million	RMB million
RMB	162,386	103,873
HKD	11,240	9,970
USD	20,923	18,306
RM	2,558	1,465
Other	2,268	1,903
	199,375	135,517

NOTES TO THE INTERIM FINANCIAL INFORMATION

21 Share capital and premium

	Number of ordinary shares million	Nominal value of ordinary shares HKD million	Equivalent nominal value of ordinary shares RMB million	Share premium RMB million	Treasury shares RMB million	Group Total RMB million
Authorised						
At 1 January 2017, 30 June 2017 and 30 June 2018, HKD0.10 per share	100,000	10,000				
Issued and fully paid						
At 1 January 2017	21,607	2,161	2,032	24,430	(785)	25,677
Buy-back of shares	–	–	–	–	(641)	(641)
Cancellation of shares	(266)	(27)	(24)	(1,022)	1,046	–
At 30 June 2017	21,341	2,134	2,008	23,408	(380)	25,036
At 1 January 2018	21,280	2,128	2,003	22,838	(380)	24,461
Issue of shares	463	46	37	6,302	–	6,339
Placing of shares (note (a))	460	46	37	6,293	–	6,330
Issue as a result of employee share scheme	3	–	–	9	–	9
Buy-back of shares (note (b))	–	–	–	–	(616)	(616)
Cancellation of shares	(2)	–	–	(25)	25	–
At 30 June 2018	21,741	2,174	2,040	29,115	(971)	30,184

(a) Placing of shares

On 16 January 2018, the Group issued 460 million shares by way of placing at a subscription price of HKD17.13 per share.

(b) Buy-back of shares

The Group bought back a total of 55 million of the Company's shares during the six months ended 30 June 2018 (six months ended 30 June 2017: 161 million). The total consideration paid to buy back these shares was RMB616 million (six months ended 30 June 2017: RMB641 million), which has been deducted from equity attributable to the owners of the Company.

NOTES TO THE INTERIM FINANCIAL INFORMATION

22 Other reserves and retained earnings

	Other reserves											
	Merger reserve	Statutory reserve	Share option reserve	Financial assets at fair value			Cash flow hedge reserve	Deferred costs of hedging reserve	Others	Total other reserves	Retained earnings	Total
				through other comprehensive income reserve	Translation reserve	Revaluation reserve						
RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	
Balance at 1 January 2018	(150)	5,342	396	3	(521)	869	(14)	455	(437)	5,943	63,267	69,210
Profit for the period	-	-	-	-	-	-	-	-	-	-	12,939	12,939
Transfer to statutory reserves	-	132	-	-	-	-	-	-	-	132	(132)	-
2017 final dividends (note 27(a))	-	-	-	-	-	-	-	-	-	-	(5,424)	(5,424)
Distribution in specie (note 27(b))	-	(107)	-	-	-	-	-	-	(383)	(490)	(1,275)	(1,765)
Employee share schemes												
- value of employee services	-	-	230	-	-	-	-	-	-	230	-	230
Change in fair value of financial assets at fair value through other comprehensive income, net of tax	-	-	-	(14)	-	-	-	-	-	(14)	-	(14)
Equity component of convertible bonds (note 19)	-	-	-	-	-	-	-	-	375	375	-	375
Changes in ownership interests in subsidiaries without change of control	-	-	-	-	-	-	-	-	(380)	(380)	-	(380)
Currency translation differences	-	-	-	-	(244)	-	-	-	-	(244)	-	(244)
Deferred gains on cash flow hedges, net of tax	-	-	-	-	-	-	2	-	-	2	-	2
Deferred costs of hedging, net of tax	-	-	-	-	-	-	-	(169)	-	(169)	-	(169)
Balance at 30 June 2018	(150)	5,367	626	(11)	(765)	869	(12)	286	(825)	5,385	69,375	74,760
Balance at 1 January 2017	(150)	4,213	131	59	(642)	1,464	90	(296)	(385)	4,484	43,120	47,604
Profit for the period	-	-	-	-	-	-	-	-	-	-	7,501	7,501
2016 final dividends	-	-	-	-	-	-	-	-	-	-	(2,177)	(2,177)
Employee share schemes												
- value of employee services	-	-	140	-	-	-	-	-	-	140	-	140
Change in fair value of financial assets at fair value through other comprehensive income, net of tax	-	-	-	32	-	-	-	-	-	32	-	32
Changes in ownership interests in subsidiaries without change of control	-	-	-	-	-	-	-	-	22	22	-	22
Currency translation differences	-	-	-	-	(112)	-	-	-	-	(112)	-	(112)
Deferred losses on cash flow hedges, net of tax	-	-	-	-	-	-	(60)	-	-	(60)	-	(60)
Deferred gains of hedging, net of tax	-	-	-	-	-	-	-	416	-	416	-	416
Balance at 30 June 2017	(150)	4,213	271	91	(754)	1,464	30	120	(363)	4,922	48,444	53,366

NOTES TO THE INTERIM FINANCIAL INFORMATION

23 Other income and gains – net

	Six months ended 30 June	
	2018 RMB million	2017 RMB million
Other income		
– Management and consulting service income	269	200
– Forfeiture of advances received from customers	37	31
– Government subsidy income	27	13
	333	244
Other gains/(losses)		
– Gains arising from negative goodwill (note 31)	847	1,263
– Gains/(losses) on disposal of subsidiaries (note 30)	206	(65)
– Gains on disposal of property, plant and equipment	55	9
– Changes in fair value of derivative financial instruments	36	(168)
– Others	281	410
	1,425	1,449
Total other income and gains – net	1,758	1,693

24 Expenses by nature

	Six months ended 30 June	
	2018 RMB million	2017 RMB million
Advertising costs	1,358	744
Amortisation of intangible assets	23	10
Provision for impairment of trade and other receivables	482	196
Business taxes and other levies	1,227	1,677
Costs of properties and construction recognised in profit or loss	94,720	60,005
Amortisation of incremental costs for obtaining contracts	621	180
Donations (note (a))	501	470
Depreciation	460	388
Employee benefit expenses	5,827	3,351
Amortisation of land use rights	35	35
Rental expenses	283	235
Others	1,768	725
Total cost of sales, selling and marketing costs, administrative expenses and research and development expenses	107,305	68,016

- (a) During the period, RMB55 million (six months ended 30 June 2017: RMB47 million) of the Group's donations were made through Guoqiang Public Welfare Foundation of Guangdong Province. Certain directors of the Group are also directors of the foundation.
- (b) The research and development expenses represented the inputs in the improvement of construction techniques. Research and development expenses were included in administrative expenses in previous year. During the period, they were presented as a separate line item in the interim condensed consolidated income statement and comparative figures have been reclassified accordingly.

NOTES TO THE INTERIM FINANCIAL INFORMATION

25 Finance income – net

	Six months ended 30 June	
	2018	2017
	RMB million	RMB million
Finance income:		
– Interest income on short-term deposits and financial assets at fair value through profit or loss	777	405
– Net foreign exchange gains on financing activities	-	425
	777	830
Finance costs:		
– Interest expenses:		
– Bank and other borrowings	(5,894)	(2,303)
– Senior notes (note 17)	(1,280)	(1,017)
– Corporate bonds (note 18)	(1,304)	(895)
– Convertible bonds (note 19)	(243)	-
– Receipts under securitisation arrangements	(131)	(155)
	(8,852)	(4,370)
Less: amounts capitalised on qualifying assets	8,852	4,370
	-	-
– Net foreign exchange losses on financing activities	(411)	-
– Loss on early redemption of senior notes	(185)	-
	(596)	-
Finance income – net	181	830

NOTES TO THE INTERIM FINANCIAL INFORMATION

26 Income tax expenses

	Six months ended 30 June	
	2018	2017
	RMB million	RMB million
Current income tax		
– Corporate income tax	5,185	2,664
– Land appreciation tax (note (c))	4,768	1,505
	9,953	4,169
Deferred income tax		
– Corporate income tax	385	(276)
– Withholding income tax on profit to be distributed in future (note (d))	200	144
	585	(132)
	10,538	4,037

- (a) Hong Kong profits tax has been provided at the rate of 16.5% (2017:16.5%) on the estimated assessable profits of the Group's subsidiaries in Hong Kong.
- (b) Mainland China corporate income tax has been provided at corporate income tax rate of 25%.
- (c) Mainland China 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 cost of land use rights and all property development expenditures.
- (d) Withholding income tax is provided on the dividends to be distributed by the Mainland China subsidiaries to the respective overseas holding companies, where applicable. The relevant overseas holding companies have successfully obtained endorsement from various Mainland China tax bureaus to enjoy the treaty benefit of 5% withholding income tax rate on dividends received from the Mainland China subsidiaries of the Group. Accordingly, withholding income tax has been provided at 5% of the dividends to be distributed by the Mainland China subsidiaries of the Group.

NOTES TO THE INTERIM FINANCIAL INFORMATION

27 Dividend and distribution

(a) Dividend

On 21 August 2018, the Board declared an interim dividend of RMB18.52 cents per share for the six months ended 30 June 2018, totalling RMB4,016 million (2017 interim dividend: RMB15.02 cents per share, totalling RMB3,205 million) with the shareholders being given an option to elect to receive such interim dividend all in new shares or partly in new shares and partly in cash or all in cash. This interim dividend has not been recognised as liabilities in this interim financial information.

The final dividend in respect of 2017 of RMB24.95 cents (equivalent to HKD30.69 cents) per share, totalling RMB5,424 million has been approved at the annual general meeting of the Company on 17 May 2018 and paid in cash in July 2018.

(b) Distribution in specie

On 19 June 2018 (the "Distribution Date"), in connection with the listing of CG Services, a Company's wholly-owned subsidiary, on the Main Board of The Stock Exchange of Hong Kong Limited, the entire issued share capital of CG Services was distributed to the then existing shareholders of the Company. Since then, CG Services became a fellow subsidiary of the Company and both Company and CG Services are ultimately controlled by Ms. YANG Huiyan before and after the distribution. A distribution in specie to shareholders of RMB1,765 million was recognised, which represented the carrying value of net assets of CG Services attributable to the owners of the Company as at the Distribution Date.

Details of net assets of CG Services at the Distribution Date are set out below:

	RMB million
Total assets	3,798
Total liabilities	(2,008)
Total identifiable net assets	1,790
Less: non-controlling interests	(25)
Carrying value of net assets attributable to the owners of the Company distributed	1,765
Represented by:	
— Retained earnings	1,275
— Other reserves	490
	1,765

Analysis of net outflow of cash and cash equivalents in respect of the distribution:

	RMB million
Cash proceeds on distribution	—
Cash and cash equivalents of CG Services as at the Distribution Date	(3,085)
Net cash distributed in respect of distribution in specie	(3,085)

NOTES TO THE INTERIM FINANCIAL INFORMATION

28 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 period, excluding ordinary shares purchased by the Group and held as treasury shares.

	Six months ended 30 June	
	2018	2017
Profit attributable to owners of the Company (RMB million)	12,939	7,501
Weighted average number of ordinary shares in issue (million)	21,555	21,462
Earnings per share — Basic (RMB cents per share)	60.03	34.95

(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 three categories of dilutive potential ordinary shares: share options, awarded shares and convertible bonds. For the share options and awarded shares, 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 and awarded shares. The convertible bonds are assumed to have been converted into ordinary shares. 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 and awarded shares and conversion of convertible bonds.

	Six months ended 30 June	
	2018	2017
Profit attributable to owners of the Company (RMB million)	12,939	7,501
Weighted average number of ordinary shares in issue (million)	21,555	21,462
Adjustments — share options, awarded shares and convertible bonds (million)	829	42
Weighted average number of ordinary shares for diluted earnings per share (million)	22,384	21,504
Earnings per share — Diluted (RMB cents per share)	57.80	34.88

NOTES TO THE INTERIM FINANCIAL INFORMATION

29 Guarantees

	30 June 2018	31 December 2017
	RMB million	RMB million
Guarantees in respect of mortgage facilities for certain purchasers (note (a))	311,135	214,909
Guarantees to joint ventures and associates and certain third parties in respect of borrowings (note (b))	48,296	33,500
	359,431	248,409

- (a) These represented the guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to retain the legal title and take over the possession of the related properties. The above guarantees are to be discharged upon earlier of (i) issuance of the real estate ownership certificates which are generally available within three months after the purchasers take possession of the relevant properties; and (ii) the satisfaction of mortgaged loans by the purchasers of properties.

The directors consider that in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the consolidated financial statements for the guarantees.

- (b) These mainly represented the maximum exposure of the guarantees provided for the borrowings of certain joint ventures and associates.

NOTES TO THE INTERIM FINANCIAL INFORMATION

30 Disposal of subsidiaries

During the period, the Group disposed of interests in a number of subsidiaries to certain third parties. Details of the disposal are as follows:

	RMB million
Disposal considerations	
– Cash received	16
– Outstanding and included in other receivables	1,619
– Fair value of investments in joint ventures and associates held after disposals	1,064
	2,699
Less:	
– Total net assets of subsidiaries disposed of	2,723
– Non-controlling interests disposed of	(230)
Gains on disposal	206
Cash proceeds from disposal, net of cash disposed of	
– Cash consideration received	16
– Less: cash and cash equivalents in the subsidiaries disposed of	(1,585)
Net cash outflow on disposals	(1,569)

NOTES TO THE INTERIM FINANCIAL INFORMATION

31 Business combination

Business combination during the period mainly included the acquisitions of interest in property development companies and acquisition of additional interests in joint ventures and associates. The directors of the Company consider that none of these subsidiaries acquired during the period was significant to the Group and thus the individual financial information of these subsidiaries on the acquisition dates was not disclosed.

The acquired companies' principal activities are property development and construction. The combined financial information of these acquired companies on the acquisition dates is summarised as follows:

	RMB million
Total purchase considerations	
— Cash paid	13,211
— Fair value of investments in joint ventures and associates held before business combination	1,256
	14,467
Total recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	5,976
Property, plant and equipment	572
Investment properties	2,862
Intangible assets	8
Land use rights	128
Properties under development and completed properties held for sale	82,457
Trade and other receivables	42,445
Deferred income tax assets	510
Bank and other borrowings	(23,412)
Corporate bonds	(3,475)
Trade and other payables	(29,457)
Contract liabilities	(40,639)
Current income tax liabilities	(4,253)
Deferred income tax liabilities	(9,381)
Total identifiable net assets	24,341
Non-controlling interests	(9,160)
Negative goodwill	(847)
Goodwill	133
	14,467
Outflow of cash to acquire business, net of cash acquired	
— cash considerations paid	(13,211)
— cash and cash equivalents in the subsidiaries acquired	5,976
Net cash outflow on acquisitions	(7,235)

Gains arising from negative goodwill were mainly due to the fact that the sellers had the intention to exit from their investments in these acquired businesses due to various operational reasons or other shareholders intended to cooperate with a leading property developer in the PRC to resolve liquidity issues or bring in industry expertise.

The goodwill arose from the acquisition was mainly attributable to economies of scales expected from combining the operations of the Group and the acquired entities.

NOTES TO THE INTERIM FINANCIAL INFORMATION

31 Business combination *(Continued)*

The acquired businesses contributed total revenues of RMB5,303 million and net profit of RMB668 million to the Group for the period from their respective acquisition dates to 30 June 2018. Had these companies been consolidated from 1 January 2018, the interim condensed consolidated income statement for the six months ended 30 June 2018 would show pro-forma revenue of RMB131,952 million and profit for the period of RMB16,150 million.

32 Related party transactions

(a) Ultimate Controlling Shareholder

The Company is ultimately controlled by Ms. YANG Huiyan (the "Ultimate Controlling Shareholder").

(b) Transactions with related parties

Saved as disclosed in other notes above, the Group had the following significant transactions with related parties during the period:

	Six months ended 30 June	
	2018	2017
	RMB million	RMB million
(i) Controlled by certain shareholder, certain directors and/or their close family members:		
Purchase of design service	2,905	1,098
Construction service income	78	1
Purchase of property management services, consultancy and other services	20	–
Other transactions	25	5
	3,028	1,104
(ii) Associates:		
Providing guarantee in respect of borrowings	22,262	8,704
Construction service income	1,049	342
Other transactions	110	26
	23,421	9,072
(iii) Joint ventures:		
Providing guarantee in respect of borrowings	25,142	13,621
Construction service income	1,494	695
Other transactions	171	40
	26,807	14,356

The prices for the above design service fees, construction service fees, property management services fees, consultancy and other services fees and other transactions were determined in accordance with the terms of the underlying agreements.

NOTES TO THE INTERIM FINANCIAL INFORMATION

32 Related party transactions *(Continued)*

(c) Key management compensation

Key management includes directors and chief executive officer.

	Six months ended 30 June	
	2018 RMB million	2017 RMB million
Salaries, bonus, share-based compensation expenses and other employee benefits	260	157

(d) Balances with related parties

Saved as disclosed in the notes above, the Group had the following significant balances with its related parties:

	30 June	31 December
	2018 RMB million	2017 RMB million
(i) Controlled by certain shareholder, certain directors and/or their close family members:		
Trade and other receivables	1,571	463
Contract assets and acquisition costs	45	73
Trade and other payables	4,145	2,707
(ii) Associates:		
Trade and other receivables	25,415	22,973
Contract assets and acquisition costs	673	396
Trade and other payables	34,442	32,785
(iii) Joint ventures:		
Trade and other receivables	52,800	30,504
Contract assets and acquisition costs	849	590
Trade and other payables	51,563	52,093
Loans to related parties	54	54

The above balances due from/to related parties are mainly interest-free, unsecured and to be settled according to the contract terms.

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. YEUNG Kwok Keung (*Chairman*)
Ms. YANG Huiyan (*Vice Chairman*)
Mr. MO Bin (*President*)
Ms. YANG Ziyang
Mr. YANG Zhicheng
Mr. SONG Jun
Mr. LIANG Guokun
Mr. SU Baiyuan
Mr. XIE Shutai (resigned on 2 March 2018)

Non-executive Director

Mr. CHEN Chong

Independent Non-executive Directors

Mr. LAI Ming, Joseph
Mr. SHEK Lai Him, Abraham
Mr. TONG Wui Tung
Mr. HUANG Hongyan
Mr. YEUNG Kwok On
Mr. MEI Wenjue (resigned on 2 March 2018)

CHIEF FINANCIAL OFFICER

Ms. WU Bijun

COMPANY SECRETARY

Mr. LEUNG Chong Shun

AUTHORIZED REPRESENTATIVES

Ms. YANG Huiyan
Mr. MO Bin
Ms. ZUO Ying (*alternate to Ms. YANG Huiyan*)
Mr. LUO Jie (*alternate to Mr. MO Bin*)
(appointed on 1 May 2018)
Ms. SIN Lai Lan (*alternate to Mr. MO Bin*)
(resigned on 1 May 2018)

AUDIT COMMITTEE

Mr. LAI Ming, Joseph (*Chairman*)
Mr. SHEK Lai Him, Abraham
Mr. TONG Wui Tung
Mr. HUANG Hongyan

REMUNERATION COMMITTEE

Mr. TONG Wui Tung (*Chairman*)
Mr. YEUNG Kwok Keung
Mr. MO Bin
Mr. LAI Ming, Joseph
Mr. SHEK Lai Him, Abraham
Mr. HUANG Hongyan

NOMINATION COMMITTEE

Mr. YEUNG Kwok Keung (*Chairman*)
Mr. LAI Ming, Joseph
Mr. TONG Wui Tung
Mr. HUANG Hongyan

CORPORATE GOVERNANCE COMMITTEE

Mr. YEUNG Kwok Keung (*Chairman*)
Ms. YANG Huiyan
Mr. MO Bin

EXECUTIVE COMMITTEE

Mr. YEUNG Kwok Keung (*Chairman*)
Ms. YANG Huiyan
Mr. MO Bin
Ms. YANG Ziyang
Mr. YANG Zhicheng

FINANCE COMMITTEE*

Ms. WU Bijun (*Chairman*)
Ms. YANG Huiyan
Mr. MO Bin
Ms. YANG Ziyang (appointed on 20 March 2018)
Mr. YANG Zhicheng

* Other two members are senior management of the finance centre of the Company

CORPORATE INFORMATION

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN THE PRC

Country Garden Centre
No. 1 Country Garden Road
Beijiao Town, Shunde District, Foshan
Guangdong Province 528312
The PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 1702, 17/F
Dina House, Ruttonjee Centre
11 Duddell Street
Central, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS (In Alphabetical Order)

Agricultural Bank of China Limited
Bank of China (Hong Kong) Limited
Bank of China Limited
China CITIC Bank Corporation Limited
China Construction Bank Corporation
China Development Bank Corporation
China Everbright Bank Company Limited
China Guangfa Bank Co., Ltd.
China Merchants Bank Co., Ltd.
China Minsheng Banking Corp., Ltd.

Chong Hing Bank Limited
CIMB Bank Berhad
Hang Seng Bank Limited
Industrial and Commercial Bank of China Limited
Malayan Banking Berhad
Ping An Bank Company Limited
Postal Savings Bank of China
Shanghai Pudong Development Bank Co., Ltd.
Standard Chartered Bank (Hong Kong) Limited
The Bank of East Asia, Limited
The Hongkong and Shanghai Banking Corporation Limited
Wing Lung Bank Limited

AUDITOR

PricewaterhouseCoopers

LEGAL ADVISORS

As to Hong Kong law:

Woo Kwan Lee & Lo
Sidley Austin LLP
Lu, Lai & Li
Baker & McKenzie
Deacons
Mayer Brown JSM
Lo & Lo

As to PRC law:

Allbright Law Offices
Chongqing Shariae Law Firm
Guangdong ETR Law Firm
Guangdong Guardian Law Firm
King & Wood Mallesons
Shanghai City Development Law Firm, Wuhan Branch
Tahota Law Firm (Chongqing Office)
Beijing Dacheng Law Firm Guangzhou Office
Beijing Yingke Law Firm Guangzhou Office

STOCK CODES

Stock Exchange	2007
Reuters	2007.HK
Bloomberg	2007 HK Equity

WEBSITE

<http://www.countrygarden.com.cn>

Financial Calendar 2018

Announcement of 2018 Interim Results	21 August
Ex-dividend date for interim dividend	12 September
Record Date for Eligible Shareholders to be entitled to interim dividend	18 September
Despatch of dividend warrants	23 November

GLOSSARY

“2007 Share Option Scheme”	the share option scheme of the Company adopted on 20 March 2007 and which had expired on 19 March 2017
“2017 AGM”	the annual general meeting of the Company held on Thursday, 18 May 2017
“2017 Share Option Scheme”	the share option scheme of the Company adopted on 18 May 2017
“Audit Committee”	audit committee of the Company
“available cash”	the sum of cash and cash equivalents and restricted cash
“Board”	the board of Directors
“CG Services”	Country Garden Services Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 6098), ceased to be a subsidiary of the Company since its spin-off was completed on 19 June 2018
“Chairman”	the chairman of the Board
“Chief Financial Officer”	chief financial officer of the Company
“Company” or “Country Garden”	Country Garden Holdings Company Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 2007)
“core net profit attributable to the owners of the Company”	profit attributable to owners of the Company excluding the post-tax gains arising from changes in fair value of and transfer to investment properties, net exchange gains/losses on financing activities, the loss on early redemption of senior notes and changes in fair value of derivative financial instruments
“Corporate Governance Code”	Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“Corporate Governance Committee”	corporate governance committee of the Company
“current ratio”	a ratio calculated by dividing current assets by current liabilities
“Director(s)”	director(s) of the Company
“Eligible Shareholders”	the Shareholders whose names appear on the register of members of the Company on Tuesday, 18 September 2018
“Employee Incentive Scheme”	employee incentive scheme of the Group adopted on 20 December 2012
“Executive Committee”	executive committee of the Company
“Finance Committee”	finance committee of the Company

GLOSSARY

“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“HKD”	Hong Kong dollar, the lawful currency of Hong Kong
“HKICPA”	Hong Kong Institute of Certified Public Accountants
“Hong Kong/HKSAR”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mainland China”	the People’s Republic of China, for the purpose of this interim report, excluding Hong Kong, Macau and Taiwan
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Net current assets”	the value of total current assets after its current liabilities have been subtracted
“net debt”	the value of total debt net of available cash
“Net gearing ratio”	a financial leverage calculated as dividing net debt by total equity
“Nomination Committee”	nomination committee of the Company
“PRC/China”	the People’s Republic of China
“President”	president of the Company
“Remuneration Committee”	remuneration committee of the Company
“RM”	Ringgit Malaysia, the lawful currency of Malaysia
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the capital of the Company with a par value of HKD0.10 each
“Share Option Schemes”	2007 Share Option Scheme and 2017 Share Option Scheme
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USD”	US dollar, the lawful currency of the United States of America
“%”	per cent



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