

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

2019 INTERIM REPORT



碧桂园给您一个五星级的家



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

WHAT IS COUNTRY GARDEN?

Country Garden is a high-tech conglomerate that provides good living worldwide.

We build quality homes and communities for people to help them fulfil their aspirations to a better life. Over the past two decades, Country Garden has been a force of a new type of urbanization in China. We have helped modernize over 1,100 towns throughout the country to meet people's daily needs. We take things to the next level by adopting technologies of green construction and smart buildings. We have also innovated urban construction by building Forest City, which represents a new concept of integrated, multi-layered urban planning. This huge project was named by Forbes Magazine as the first of the "five new cities that are set to shake up the future".

Today, over 4 million homeowners choose to live in Country Garden's properties. In this era of Industry 4.0, we combine robotic technologies with fine craftsmanship to build homes which give the best value for money and perform better in safety, design, affordability, functionality and durability. We employ intelligent technologies to build smart communities and consistently provide world-class community-based services. Property projects developed by Country Garden have been urban landmarks. Their gardens and shopping plazas are magnets for local residents, and their amenities and property management services allow the people to live comfortably and safely.

We push the boundaries of technology by investing in smart manufacturing. New technologies are vital to productivity, and the potential for smart manufacturing is enormous. With nearly 200,000 employees, who include more than 1,300 holders of doctorates, Country Garden is making massive investments in technology by building Robotics Valley, our own Silicon Valley for robots. We bring in the top robotics professionals and provide them with services that foster the development of their projects. This has brought together a strong research and development team that can commercialize the results of the research on the latest

technologies, turning them into affordable and cutting-edge products. We are aiming to raise the standard of living and contribute to our country's technological advancement for the benefit of all people.

We develop business of modern agriculture to contribute to revival of rural economy. Country Garden has adopted the world's leading agricultural technologies and machinery and combines them with its own strengths in robotics to develop businesses that cover the whole value chain of agriculture. The moves will allow both Country Garden and farmers to retail their farm produce in communities and in society at large, thus sharing the fruits of modern agriculture with such farmers and helping them increase their income. The Company can thus grow and supply safe, delicious, affordable and diverse agricultural produce to the households.

We are committed to making society a better place. Therefore, we have made targeted poverty alleviation programs and revival of rural economy integral parts of our business. Country Garden always works to generate value for society and economic value. Country Garden and its founder have together donated over RMB5.5 billion to charitable causes. We actively engage in targeted poverty relief work and projects for revival of rural economy in 14 counties across 9 different provinces. These programs are helping to lift 336,000 people out of poverty.

Country Garden is a Fortune 500 company listed in Hong Kong since 2007 and a constituent stock of the Hang Seng Index. In 2018 alone, we paid over RMB62.5 billion in tax. As a company that attaches importance to ethics, corporate social responsibility and transparency, Country Garden works tirelessly for social advancement.

Country Garden means five-star living for you.



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CORPORATE PROFILE



– Country Garden – Headquarter, Foshan

Country Garden Holdings Company Limited (stock code: 2007.HK) is China's largest residential property developer that capitalizes on urbanization. With centralized management and standardization, the Group runs the businesses of property development, construction, interior decoration, property investment, and the development and management of hotels. Country Garden offers a broad range of products to cater for diverse demands, namely residential projects such as townhouses, condominiums, car parks and retail shop spaces. The Group also develops and manages hotels at some of its property projects with the aim of increasing the properties' value. The Group's other businesses are robotics and modern agriculture.

Country Garden was listed on the main board of the Stock Exchange on 20 April 2007. The listing has allowed the Group to tap the international capital market for funds to sustain its healthy growth in the future. Since its listing, Country Garden has been recognized by the market for its business performance. The Group became a constituent stock of MSCI Global Standard Indices on 1 September 2007, of Hang Seng Composite Index and Hang Seng Mainland 100 on 10 September 2007, of FTSE China 50 Index on 14 September 2016, of Hang Seng China (Hong Kong-listed) 25 Index on 12 June 2017, of Hang Seng China 50 Index on 5 March 2018, and of Hang Seng China Enterprises Index on 17 June 2019. Country Garden is also a constituent stock of Hang Seng Index. All this shows that the capital market regards Country Garden as a major component of the Hong Kong stock market. This has also strengthened the Group's position in the international capital markets.



— Country Garden — Qingyuan New Town, Baoding

Since its establishment, Country Garden has been benefitting from China's thriving economy. Its business presence has been extended from Guangdong province to other economically vibrant regions of the country. Country Garden had projects of property development and operation in a number of locations of strategic importance in all the provinces, municipalities and autonomous regions of the country by the end of 2018. The Group ranked 177th in Fortune Global 500 as of July 2019.

Looking ahead, Country Garden will continue to enhance and consolidate its various community-based businesses that centre around its real estate business. It will do so by means of financing and integrating community resources. Specifically, it will build businesses that can meet all the needs in the entire human life cycle. All this can unlock the value of all of the Group's businesses and serve to reinforce its market leadership.

CORE VALUES

3

**THE TRINITY OF
BUSINESSES THAT
DRIVES THE COMPANY'S
DEVELOPMENT:**

4



REAL ESTATE



ROBOTICS



MODERN
AGRICULTURE

CORE VALUE

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



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 creates lifestyle products for global markets
- ▶ 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

01

CORPORATE POSITIONING

We are a high-tech conglomerate that provides good living worldwide

02

CORPORATE MISSION

To create a better society with our existence

03

CORPORATE SPIRIT

To benefit people and the society

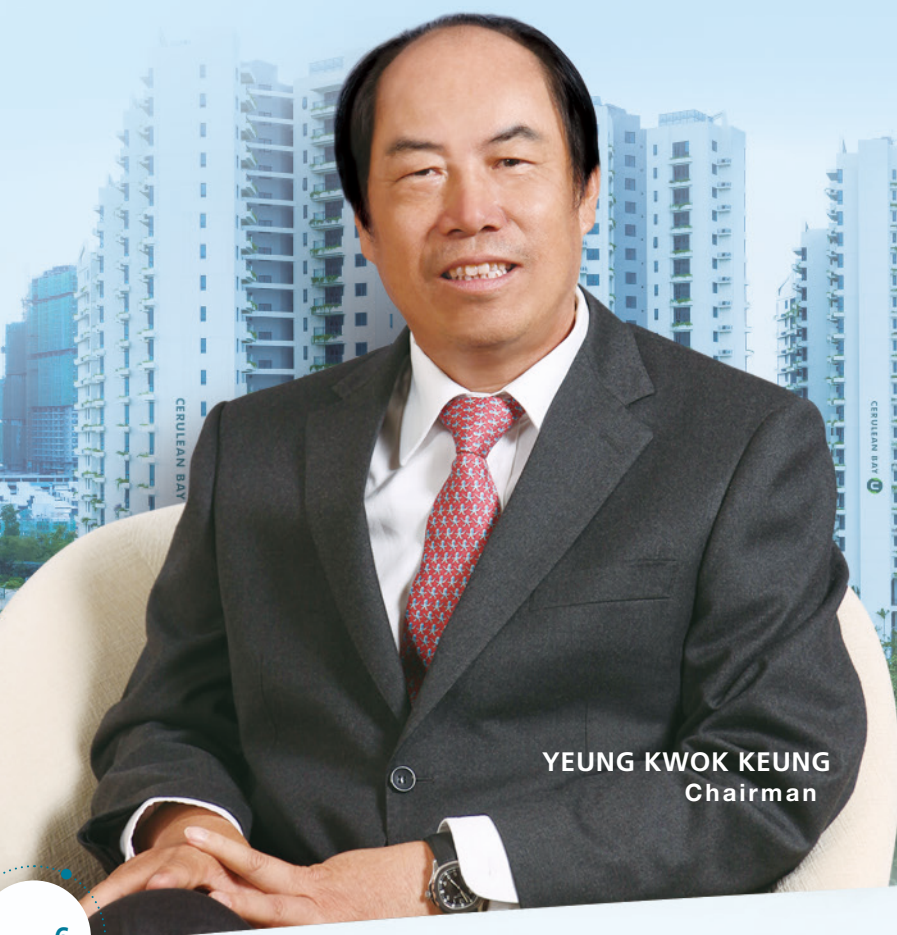
04

SERVICE CONCEPT

Five-star living for you



CHAIRMAN STATEMENT



YEUNG KWOK KEUNG
Chairman

6

Dear Shareholders,

As one of the largest property developers in China, Country Garden has already made over four million homeowners' dream come true — owning a five-star home. This is how we meet the earnest expectations of numerous families in the country. More and more people, except for those tilling the land, will be moving to the centres of towns and cities to enjoy plentiful facilities for education, medical care, cultural activities and commerce as well as convenient transportation. The country's rapid urbanization is simply unstoppable. People's aspirations for good living is exactly what Country Garden strives to help them fulfil.

Country Garden is forging ahead. For the six months ended 30 June 2019 (“the period”), the Group together with its joint ventures and associates, achieved contracted sales attributable to the shareholders of the Company of approximately RMB281.95 billion. As of 30 June 2019, the Group's business covered 279 cities and 1,235 counties/townships in 31 provinces/autonomous regions/municipalities in mainland China. During the period, the Group's revenue increased by 53.2% year

on year to approximately RMB202.01 billion; gross profit grew by 56.9% year on year to approximately RMB54.86 billion; net profit increased by 41.3% year on year to RMB23.06 billion; profit attributable to the owners of the Company rose by 20.8% year on year to approximately RMB15.64 billion; and core net profit attributable to the owners of the Company rose by 23.4% year on year to approximately RMB15.98 billion. The Company has made it to the Fortune Global 500 List for three consecutive years and it has improved its ranking significantly in the list to 177th this year, up by 176 places compared with that in 2018.

I am confident about a brighter future. The market rarely fails a dedicated, prudent company. Only well-prepared firms are poised to fully capitalize on the country's ongoing urbanization and urban renewal. We can identify and undertake good property projects and do our job well as long as we stay alert and competitive. We can ensure the Company's growth and development and even add impetus to them as long as we are prudent. This is how we can create value for society, shareholders and other stakeholders for the long term.

^ **53.2%**

Total revenue

approximately

RMB **202.01** billion

^ **56.9%**

Gross profit

approximately

RMB **54.86** billion

^ **20.8%**

Profit attributable to the owners

approximately

RMB **15.64** billion

We have a long way to go before we can make Country Garden an ever-lasting enterprise. Prudence is our watchword when it comes to the Company's development. During the period, the Group had collected consolidated cash inflow from property sales of approximately RMB277.11 billion and achieved positive operating cash flow for three consecutive interim financial reporting periods since 2017. As at 30 June 2019, its available cash amounted to approximately RMB222.84 billion, and its net gearing ratio was 58.5%, indicating healthy financial condition. The Group's unused credit lines totalled approximately RMB313.30 billion. The Group's strong working capital and financial position has been well recognised by credit rating agencies and has thus secured support from major financial institutions.

Doing good to individuals and society at large is the way for the Company to scale new heights.

In order to succeed as a hi-tech conglomerate that provides good living worldwide, Country Garden lets its capable staff give their talents full play. The Company's management team, which includes over a thousand holders of doctorates, work as a cohesive group for social advancement, the improvement of people's life and a brighter future.

Improved standard of living has reduced the availability of young construction workers, therefore the aging demographic of the construction business may create a bottleneck. To solve the problem, Country Garden has developed the businesses of intelligent manufacturing and construction robots. The technologies can raise the efficiency and the standards of both safety and

CHAIRMAN STATEMENT



— Country Garden — Xinhong Tongquetai, Dongguan

quality of construction and reducing waste materials, thus creating great value for society. Aspiring to be the most competitive property developer in the future, we have been experimenting with a number of prototypes of equipment for intelligent manufacturing and those of robots since last year. We are determined to succeed in developing robots for the construction industry. Last year, the property management business was successfully spun off through a separate listing, thus generating returns to the Company. The businesses of construction robots and intelligent manufacturing are also expected to create value for the Company.

Improved standard of living also presents an opportunity for our another new business — modern agriculture. We are building capability to research on and develop agricultural technologies and equipment that enable ourselves and farmers to grow quality

produce. According to our plan, we will grow and supply safe, diverse, delicious, affordable and healthy agricultural produce from our own farms to consumers. Answering the Chinese government's call for revival of the rural economy, we try to explore further the value chain of community-based services through our business of modern agriculture and, at the same time, help farmers increase income. It also dedicates itself to charitable work for the rural communities. Presently, Country Garden works to alleviate poverty in 14 counties in nine provinces, helping 336,000 people stem poverty and even get rich, thus adding a new impetus to the revival of rural economy. Since its establishment, the Group, together with my family and I, has donated over RMB5.5 billion to charity. **Doing good to individuals and society at large is the way for the Company to attain sustainable development.**



— Country Garden — Xihu, Zhengzhou

Thinking back to those days when I struggled on as an impoverished young man without anything but a dream success does not fall into your lap. However, striving for profits alone is not enough to make a person or a company successful. In the case of Country Garden, hard work and dedication are also directed towards social advancement. This is what makes it possible for the Company to thrive. Country Garden simply wants to make our society a better place. Our mission is to improve people's living standard by providing them with Country Garden products that offer the best value for money. Country Garden will keep marching forward with our country, families and dreams in mind.

With prudence, we will go above and beyond!

YEUNG Kwok Keung
Country Garden Holdings Company Limited
Chairman

Shunde, Guangdong, China, 22 August 2019

BUSINESS OVERVIEW

PROPERTY DEVELOPMENT

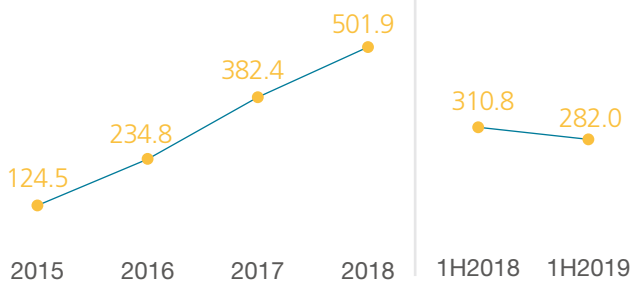
Contracted Sales

In the first half of 2019, the Group together with its joint ventures and associates achieved contracted sales attributable to the shareholders of the Company of approximately RMB281.95 billion with contracted sales GFA attributable to the shareholders of the Company of approximately 31.29 million sq.m..

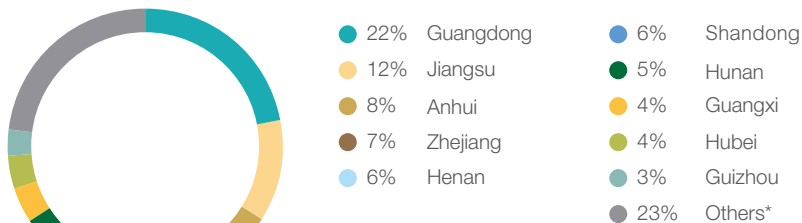
From 2015 to 2018, the compound annual growth rate of the attributable contracted sales was approximately 59.2%.

In the first half of 2019, the attributable contracted sales outside Guangdong Province was around 78% of that of the Group, reflecting the Group's efforts in geographic diversification.

Attributable contracted sales (RMB billion)

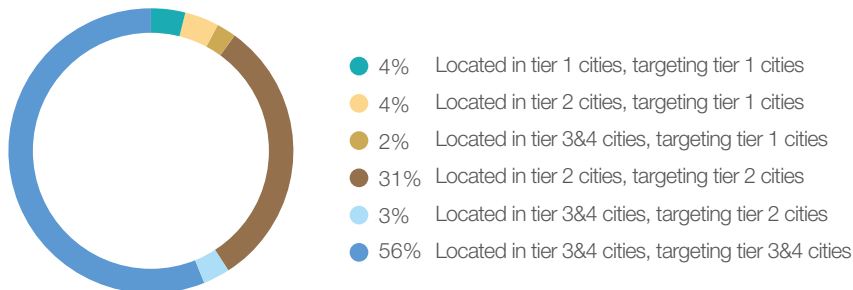


Geographical breakdown of contracted sales in the first half of 2019 (By Attributable Value)



Note: Others* including Shaanxi, Sichuan, Yunnan, Hebei, Jiangxi, Fujian, Chongqing, Hainan, Liaoning, Tianjin, Shanxi, Hong Kong, Gansu, Qinghai, Xinjiang, Malaysia, Ningxia, United States, Shanghai, Beijing, Inner Mongolia, Australia, Jilin, Thailand, Indonesia, Tibet and Heilongjiang.

Contracted sales breakdown in Mainland China by city type in the first half of 2019 (By Attributable Value)

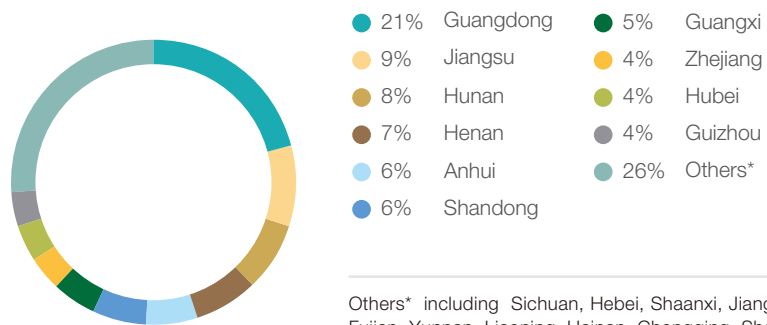


In terms of tier cities, around 56% of the attributable contracted sales in Mainland China was contributed by projects located in tier 3&4 cities targeting tier 3&4 cities, around 31% was contributed by projects located in tier 2 cities targeting tier 2 cities and 13% was contributed by the others.

Landbank – Mainland China

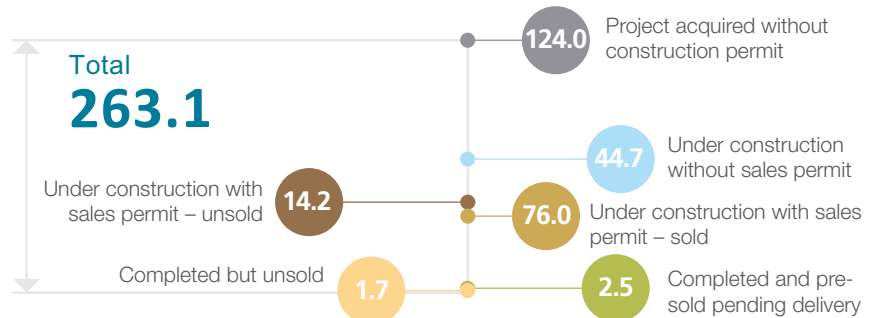
As of 30 June 2019, the acquired attributable GFA in Mainland China together with its joint venture and associates was 263.14 million sq.m.. 79% of the landbank was located outside of Guangdong province. By development stage around 51% of the landbank was under construction, and 29% was presold.

Landbank breakdown by province in Mainland China (By attributable GFA)



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

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



BUSINESS OVERVIEW

Project Location

As of 30 June 2019, the Group operated 2,401 projects under different development stages, 2,381 of these projects were located in Mainland China and 20 were outside Mainland China.

As of 30 June 2019,
the Group's

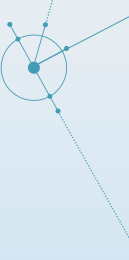
2,381 projects

in Mainland **China**

were located as follows:



BUSINESS OVERVIEW

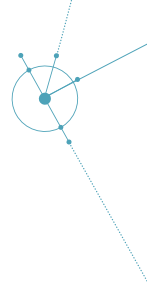


BUSINESS OVERVIEW

Top 100 projects with the highest attributable contracted sales in the first half of 2019 in Mainland China⁽¹⁾

Serial number	Project	City (District)	Aggregate saleable GFA for entire project sq.m.	Total completed saleable GFA sq.m.	Completed property developments ⁽²⁾		Completion date
					Total saleable GFA sold and delivered sq.m.	Total saleable GFA pre-sold pending delivery sq.m.	
1	Asian Games Town (亞運城)	Guangzhou (Panyu)	1,021,512	357,851	352,316	5,535	7/Jun/11
2	Country Garden — Phoenix Bay (碧桂園•鳳凰灣)	Foshan (Shunde)	1,445,119	310,462	272,306	23,547	7/Jan/19
3	Country Garden Hill Lake City (碧桂園山湖城)	Qingyuan (Qingcheng)	1,995,771	963,760	957,304	2,819	25/Dec/18
4	Country Garden — Southwest Uptown (碧桂園•西南上城)	Guiyang (Guanshanhu)	1,256,690	5,047		5,047	30/Oct/17
5	Country Garden — Phoenix City (碧桂園•鳳凰城)	Zhenjiang (Jurong)	6,628,310	3,254,852	3,190,630	42,492	27/Dec/18
6	Country Garden — Yunnan Image (碧桂園•雲南映象)	Kunming (Panlong)	491,607	117,739	110,042	3,545	18/Apr/19
7	Country Garden — Future City (碧桂園•未來城)	Wenzhou (Jingkai)	353,450				
8	Country Garden — Golden Era (碧桂園•黃金時代)	Fuyang (Yingzhou)	236,013	106,632	105,702	221	29/May/19
9	Country Garden — Ten Miles Beach (including Diamond Sea & Weigang Bay) (碧桂園•十里銀灘(含鑽石海、維港灣))	Huizhou (Huidong)	4,647,457	3,660,140	3,655,551		21/May/18
10	Country Garden — Longteng Shijia (碧桂園•龍騰世家)	Kunming (Wuhua)	277,236				
11	Country Garden — Qindu Mansion (碧桂園•秦都府)	Xianyang (Qindu)	534,872				
12	Country Garden — Phoenix City (碧桂園•鳳凰城)	Xi'an (Weiyang)	1,542,467	622,005	618,526		30/Jan/19
13	Country Garden — North City Image (碧桂園•北城映象)	Kunming (Panlong)	497,333				
14	Country Garden — Phoenix City (碧桂園•鳳凰城)	Zhongshan (South District)	765,691	119,909	76,278	17,944	29/Jun/18
15	Guangzhou Foxconn Tech Town (廣州富士康科技小鎮)	Guangzhou (Zengcheng)	121,634				
16	Country Garden — Huyue Tianjing (碧桂園•湖悅天境)	Taizhou (Hailing)	202,097				
17	Country Garden — Jade Jiangnan (碧桂園•翡翠江南)	Hangzhou (Xiaoshan)	36,600				
18	Country Garden — Jin Tang (碧桂園•錦唐)	Xi'an (Chanba)	93,101	14,196	14,196		28/Aug/09
19	Country Garden — Yuchuan Mansion (碧桂園•禦川府)	Xining (Chengbei)	409,205				
20	Shatian Country Garden (沙田碧桂園)	Dongguan (Shatian)	266,929	266,929	159,367	54,389	20/Aug/18
21	Country Garden — Haichang Tianlan (碧桂園•海昌天瀾)	Tianjin (Binhai New District)	319,135	127,466	125,452	145	14/May/19

BUSINESS OVERVIEW

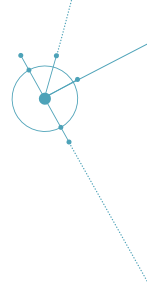


Total saleable GFA under development sq.m.	Properties under development ⁽³⁾			Properties for future development ⁽⁴⁾		
	Total saleable GFA pre-sold sq.m.	Actual/Estimated pre-sale commencement date	Estimated completion date	GFA for future development sq.m.	Estimated pre-sale commencement date	Estimated completion date
419,697	235,384	11/Jun/12	2nd Quarter,2021	243,965	4th Quarter,2019	4th Quarter,2023
737,320	374,709	22/Sep/17	2nd Quarter,2021	397,337	4th Quarter,2019	4th Quarter,2023
573,758	424,867	23/Nov/17	2nd Quarter,2021	458,252	4th Quarter,2019	4th Quarter,2022
633,729	446,520	23/Feb/18	2nd Quarter,2021	617,913	3rd Quarter,2019	4th Quarter,2023
860,967	299,807	13/Oct/17	4th Quarter,2021	2,512,490	4th Quarter,2019	4th Quarter,2024
215,558	146,967	14/Sep/18	4th Quarter,2020	158,310	4th Quarter,2019	4th Quarter,2021
353,450	197,008	10/Jul/18	4th Quarter,2020			
129,381	119,378	31/Oct/17	2nd Quarter,2020			
644,122	162,115	24/May/18	4th Quarter,2021	343,195	1st Quarter,2020	4th Quarter,2022
277,236	151,115	6/Dec/18	4th Quarter,2021			
222,136	112,631	30/Jan/19	2nd Quarter,2021	312,736	3rd Quarter,2019	4th Quarter,2022
708,745	668,892	5/Nov/10	4th Quarter,2020	211,717	4th Quarter,2019	4th Quarter,2021
191,028	157,044	17/Aug/18	3rd Quarter,2021	306,305	4th Quarter,2019	2nd Quarter,2022
263,961	60,938	29/Nov/18	4th Quarter,2020	381,821	4th Quarter,2019	2nd Quarter,2022
115,599	69,493	7/Sep/18	1st Quarter,2021	6,035	4th Quarter,2019	1st Quarter,2021
202,097	135,010	22/Jun/18	2nd Quarter,2020			
36,600	31,786	21/Sep/18	1st Quarter,2020			
78,904	60,979	16/Nov/18	3rd Quarter,2020			
210,948	142,667	25/Jul/18	4th Quarter,2020	198,257	3rd Quarter,2019	4th Quarter,2021
176,846	162,270	27/Apr/18	4th Quarter,2020	14,823	3rd Quarter,2019	2nd Quarter,2021

BUSINESS OVERVIEW

Serial number	Project	City (District)	Completed property developments ⁽²⁾				Completion date
			Aggregate saleable GFA for entire project	Total completed saleable GFA	Total saleable GFA sold and delivered	Total saleable GFA pre-sold pending delivery	
			sq.m.	sq.m.	sq.m.	sq.m.	
22	Country Garden — Park Palace (碧桂園•公園上城)	Huizhou (Dayawan)	486,273	306,694	297,744	201	18/Jan/19
23	Country Garden — Guokong Tianyu (碧桂園•國控天譽)	Zhengzhou (Jinshui)	76,768				
24	Shaoguan Country Garden — Sun City (韶關碧桂園•太陽城)	Shaoguan (Xilian)	3,212,372	1,709,884	1,707,949	1,073	25/Jan/19
25	Country Garden — Phoenix City (碧桂園•鳳凰城)	Meizhou (Wuhua)	984,762				
26	Urumqi Country Garden (烏魯木齊碧桂園)	Urumqi (Midong)	378,762				
27	Country Garden — Longcheng Tianyue (碧桂園•龍城天悅)	Zhengzhou (Zhongyuan)	517,123				
28	Lanzhou Country Garden (蘭州碧桂園)	Lanzhou (Chengguan)	2,333,584	1,961,999	1,942,594	876	18/Jun/19
29	Country Garden — Peninsula 1 (碧桂園•半島1號)	Qingyuan (Qingcheng)	493,405	137,527	135,349	230	25/Mar/19
30	Zengcheng Country Garden Center (增城碧桂園中心)	Guangzhou (Zengcheng)	146,318				
31	Country Garden — Beihai Sunshine (碧桂園•北海陽光)	Beihai (Haicheng)	561,760				
32	Country Garden — College Impression (碧桂園•大學印象)	Zhenjiang (Jurong)	467,210	173,409	173,205		19/Oct/18
33	Kunshan Art Gallery Orchid Garden (昆山藝薈蘭苑)	Suzhou (Kunshan)	66,939				
34	Country Garden Daming Mansion (碧桂園大名府)	Nantong (Qidong)	451,764	248,419	247,789		15/May/19
35	Country Garden — Runyang Valley (碧桂園•潤楊溪谷)	Huizhou (Huiyang)	821,565	93,691	91,249	913	22/Jan/19
36	Country Garden — Yanshanhui (碧桂園•燕山匯)	Changzhou (Liyang)	268,436				
37	Country Garden -Xianchen Mansion (碧桂園•仙宸府)	Taizhou (Xianju)	125,338				
38	Country Garden — Xi Yue (碧桂園•壘悅)	Guangzhou (Nansha)	112,900				
39	Country Garden — Xiliuhu (碧桂園•西流湖)	Zhengzhou (Gaoxin)	359,608				
40	Country Garden — City Garden (碧桂園•城邦花園)	Zhanjiang (Mazhang)	591,623	296,215	294,764	1,451	10/Apr/19
41	Country Garden -Binjiang Yue (碧桂園•濱江悅)	Taizhou (Jiaojiang)	122,753				
42	Country Garden — Park No.1 (碧桂園•公園壹號)	Tangshan (Lubei)	134,457				
43	Cixi Hangzhou Bay (慈溪杭州灣)	Ningbo (Cixi)	505,935				

BUSINESS OVERVIEW

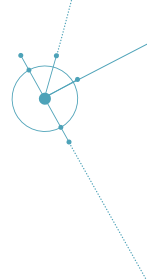


Total saleable GFA under development sq.m.	Properties under development ⁽³⁾			Properties for future development ⁽⁴⁾		
	Total saleable GFA pre-sold sq.m.	Actual/ Estimated pre-sale commencement date	Estimated completion date	GFA for future development sq.m.	Estimated pre-sale commencement date	Estimated completion date
103,182	59,099	9/Nov/18	4th Quarter,2020	76,398	4th Quarter,2019	4th Quarter,2023
76,768	43,937	27/Jun/18	1st Quarter,2020			
288,682	163,034	8/May/17	3rd Quarter,2020	1,213,806	3rd Quarter,2019	4th Quarter,2023
408,136	318,051	22/May/18	4th Quarter,2020	576,626	4th Quarter,2019	4th Quarter,2022
245,700	166,872	11/Aug/18	4th Quarter,2020	133,062	4th Quarter,2019	2nd Quarter,2021
517,123	417,982	20/May/17	1st Quarter,2021			
264,929	263,119	19/Oct/16	4th Quarter,2019	106,657	4th Quarter,2019	4th Quarter,2020
293,835	197,080	13/Apr/18	2nd Quarter,2020	62,043	4th Quarter,2019	2nd Quarter,2021
146,318	25,536	6/Dec/18	2nd Quarter,2021			
210,370	92,644	11/Jan/19	3rd Quarter,2020	351,390	4th Quarter,2019	2nd Quarter,2022
205,991	120,455	22/Jul/16	2nd Quarter,2020	87,810	4th Quarter,2019	2nd Quarter,2021
44,035	24,241	5/Dec/18	2nd Quarter,2020	22,904	4th Quarter,2019	4th Quarter,2020
203,345	127,490	18/Jan/18	2nd Quarter,2021			
284,927	219,748	26/Jan/18	2nd Quarter,2021	442,947	4th Quarter,2019	4th Quarter,2023
167,873	103,717	2/Aug/18	4th Quarter,2020	100,563	4th Quarter,2019	2nd Quarter,2021
124,734	56,073	5/Dec/18	2nd Quarter,2020	604	3rd Quarter,2019	2nd Quarter,2020
112,900	65,417	12/Jan/18	4th Quarter,2019			
296,701	112,432	12/Dec/17	2nd Quarter,2021	62,907	3rd Quarter,2019	4th Quarter,2022
295,115	209,210	26/Dec/17	3rd Quarter,2020	293	3rd Quarter,2019	3rd Quarter,2020
121,095	57,629	19/Oct/18	3rd Quarter,2020	1,658	3rd Quarter,2019	3rd Quarter,2020
103,902	65,869	14/Sep/18	4th Quarter,2020	30,556	3rd Quarter,2019	4th Quarter,2020
251,791	110,415	29/Sep/18	3rd Quarter,2020	254,144	3rd Quarter,2019	4th Quarter,2021

BUSINESS OVERVIEW

Serial number	Project	City (District)	Aggregate saleable GFA for entire project sq.m.	Completed property developments ⁽²⁾			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 — Jiuzhangtai (碧桂園•玖樟台)	Taizhou (Jiaojiang)	76,371				
45	Country Garden — Jade Park (碧桂園•翡翠公園)	Suzhou (Wujiang)	51,270				
46	Country Garden — High-tech Era (碧桂園•高新時代)	Xi'an (Yanta)	230,921				
47	Country Garden — Shuanghu City (碧桂園•雙湖城)	Zhengzhou (Xinzheng)	111,253				
48	Country Garden Taidong Tianyue Bay (碧桂園太東天樾灣)	Huizhou (Dayawan)	903,370	135,601	131,784	1,031	14/Mar/19
49	Country Garden — Yinjiangnan (碧桂園•印江南)	Hangzhou (Xiaoshan)	32,590				
50	Country Garden — Ten Miles Riverside (碧桂園•十里江灣)	Liuzhou (Chengzhong District)	437,704	146,165	144,774	344	12/Apr/19
51	Xinhui Country Garden — Phase One to Nine (新會碧桂園一壹至九期)	Jiangmen (Xinhui)	1,585,254	1,459,727	1,437,211	22,516	19/Mar/19
52	Wenzhou Oujiangkou International New City (溫州甌江口國際新城)	Wenzhou (Oujiangkou)	180,630				
53	Country Garden — Longcheng Mansion (碧桂園•龍城府)	Qiannan (Longli)	174,048				
54	Three Thousand City (三千邑)	Suzhou (Wujiang)	102,872	41,733		40,529	27/Nov/18
55	Country Garden — Yunding (碧桂園•雲頂)	Ningbo (Cixi)	84,500				
56	Zhaotong Country Garden (昭通碧桂園)	Zhaotong (Zhaoyang)	240,590	54,971	54,666	153	8/Apr/19
57	Country Garden — Tianjiao Mansion (碧桂園•天驕公館)	Huizhou (Huicheng)	142,915				
58	Country Garden — Haichang Tianlan (碧桂園•海昌天瀾)	Chengdu (Shuangliu)	558,894	231,478	222,406	3,473	26/Apr/19
59	Country Garden — City Garden (碧桂園•城市花園)	Taiyuan (Xinghualing)	229,122				
60	Country Garden — Jade Bay (碧桂園•翡翠灣)	Foshan (Nanhai)	530,396	402,443	402,168	165	10/May/19
61	Country Garden Phoenix City (碧桂園鳳凰城)	Baoji (Gaoxin District)	943,677				
62	Country Garden — Central Park (碧桂園•中央公園)	Zhenjiang (Jurong)	663,178				
63	Country Garden — Jade Legend (碧桂園•翡翠傳奇)	Weinan (Linwei)	235,900				
64	Country Garden — Lianfa Xunyang Mansion (碧桂園•聯發濶陽府)	Jiujiang (Lianxi District)	132,918				
65	Country Garden — The Cullinan (碧桂園•天璽)	Urumqi (Xincheng District)	162,004				

BUSINESS OVERVIEW

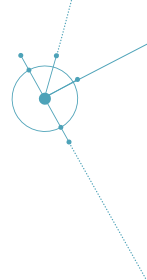


Total saleable GFA under development sq.m.	Properties under development ⁽³⁾			Properties for future development ⁽⁴⁾		
	Total saleable GFA pre-sold sq.m.	Actual/ Estimated pre-sale commencement date	Estimated completion date	GFA for future development sq.m.	Estimated pre-sale commencement date	Estimated completion date
76,371	44,830	28/Jun/18	3rd Quarter,2020			
40,700	39,793	25/Sep/18	4th Quarter,2020	10,570	3rd Quarter,2019	4th Quarter,2021
106,900	105,870	22/Jun/18	3rd Quarter,2020	124,021	4th Quarter,2019	4th Quarter,2021
111,253	72,369	28/Feb/19	1st Quarter,2021			
113,346	72,163	22/Sep/17	4th Quarter,2019	654,423	4th Quarter,2019	4th Quarter,2022
32,590	22,204	29/Nov/18	1st Quarter,2020			
266,114	201,072	25/Aug/17	3rd Quarter,2020	25,426	4th Quarter,2019	4th Quarter,2020
125,527	98,944	28/Apr/17	3rd Quarter,2020			
180,630	153,484	23/Dec/17	2nd Quarter,2021			
138,700	95,375	22/Jun/18	3rd Quarter,2020	35,348	4th Quarter,2019	3rd Quarter,2020
61,139	47,907	14/Apr/18	4th Quarter,2020			
84,500	42,593	16/Oct/18	4th Quarter,2019			
176,580	108,078	10/Oct/18	2nd Quarter,2020	9,038	3rd Quarter,2019	1st Quarter,2020
142,915	69,032	7/Sep/18	2nd Quarter,2020			
288,727	158,844	27/Oct/17	4th Quarter,2020	38,689	4th Quarter,2019	4th Quarter,2020
225,900	221,323	18/Jan/18	4th Quarter,2020	3,222	3rd Quarter,2019	4th Quarter,2020
127,952	69,743	16/Nov/18	4th Quarter,2020			
236,133	104,745	27/Jun/18	4th Quarter,2020	707,544	3rd Quarter,2019	4th Quarter,2023
321,074	178,060	16/Nov/17	4th Quarter,2019	342,104	3rd Quarter,2019	2nd Quarter,2022
235,900	135,433	1/Jun/18	4th Quarter,2020			
132,149	87,727	22/Aug/18	2nd Quarter,2021	769	3rd Quarter,2019	2nd Quarter,2021
162,004	90,813	19/Oct/18	4th Quarter,2020			

BUSINESS OVERVIEW

Serial number	Project	City (District)	Completed property developments ⁽²⁾				Completion date
			Aggregate saleable GFA for entire project	Total completed saleable GFA	Total saleable GFA sold and delivered	Total saleable GFA pre-sold pending delivery	
			sq.m.	sq.m.	sq.m.	sq.m.	
66	Country Garden — Shifu Mansion (碧桂園•仕府公館)	Chuzhou (Chengnan)	165,091	25,231	18,490	798	19/Jun/19
67	Country Garden — Golden Era (碧桂園•黃金時代)	Tai'an (Daiyue)	183,475				
68	Country Garden — Changnan Mansion (碧桂園•昌南府)	Jingdezhen (Zhushan)	272,882				
69	Changde Country Garden (常德碧桂園)	Changde (Wuling)	725,449	239,596	239,441		10/May/19
70	Country Garden Twin Star City (碧桂園雙子星城)	Foshan (Sanshui)	363,966				
71	Changshu South Xincheng South (常熟南部新城南)	Suzhou (Changshu)	125,176				
72	Shengze Country Garden (including Tianyu & Times City) (盛澤碧桂園(含天譽、時代城))	Suzhou (Wujiang)	490,619	255,421	216,455	34,492	12/Apr/19
73	Country Garden — Huaxi Impression (碧桂園•印象花溪)	Guiyang (Huaxi)	580,661				
74	Country Garden — Jade Hill (碧桂園•翡翠山)	Foshan (Sanshui)	432,326	299,386	294,418	4,968	3/Mar/16
75	Country Garden — Longshang Garden (碧桂園•瓏尚花園)	Huizhou (Huicheng)	91,700				
76	Country Garden Baoqing Mansion (碧桂園寶慶府)	Shaoyang (Shuangqing)	445,119				
77	Country Garden — Jade Bay (碧桂園•翡翠灣)	Xuzhou (Pizhou)	294,575				
78	Country Garden — Shengshi Mingmen (碧桂園•盛世名門)	Zhongshan (Torch District)	262,671				
79	Country Garden Poly — Tianqi (碧桂園保利•天啟)	Zhongshan (Nanlang)	115,792				
80	Fenhu Country Garden (汾湖碧桂園)	Suzhou (Wujiang)	139,929	73,326	53,722	2,371	27/Dec/18
81	Country Garden Dongjiang Phoenix Bay (碧桂園東江鳳凰灣)	Heyuan (Yuancheng)	420,258	149,894	149,894		25/Dec/18
82	Country Garden Eco City — Zuo'an (including Dongjing) (碧桂園生態城•左岸(含東境))	Wuhan (Hongshan)	360,097	281,812	281,614		25/Oct/17
83	Suqian Country Garden (宿遷碧桂園)	Suqian (Susu Industrial Zone)	553,005	342,046	333,769	5,697	28/Jun/19
84	Country Garden — Shili Chunfeng (碧桂園•十里春風)	Chuzhou (Nanqiao)	471,118	80,994	58,773	4,280	6/May/19
85	Yulin Country Garden (玉林碧桂園)	Yulin (Yuzhou)	1,209,183	325,202	256,172	66,702	13/Nov/18
86	Country Garden — Yundi Tianqi (碧桂園•雲地天啟)	Jining (Zoucheng)	248,921				
87	Country Garden — Phoenix City (碧桂園•鳳凰城)	Yancheng (Yandu)	364,701	28,862	18,452	2,406	13/Jun/19

BUSINESS OVERVIEW



Total saleable GFA under development sq.m.	Properties under development ⁽³⁾			Properties for future development ⁽⁴⁾		
	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
139,860	106,533	5/Sep/17	2nd Quarter,2020			
107,224	46,098	25/Jan/19	2nd Quarter,2021	76,251	3rd Quarter,2019	2nd Quarter,2021
272,882	178,729	26/Mar/18	3rd Quarter,2021			
385,717	132,657	21/Sep/16	4th Quarter,2020	100,136	1st Quarter,2020	2nd Quarter,2021
363,966	41,672	26/Nov/18	4th Quarter,2021			
125,176	48,258	19/Oct/18	2nd Quarter,2020			
235,198	162,144	16/Dec/16	4th Quarter,2020			
234,184	109,632	19/Jul/18	2nd Quarter,2020	346,477	3rd Quarter,2019	2nd Quarter,2022
132,940	58,960	19/Jul/18	2nd Quarter,2020			
91,700	75,886	15/Jun/18	4th Quarter,2019			
284,271	236,717	22/Jan/18	3rd Quarter,2020	160,848	4th Quarter,2019	4th Quarter,2021
172,476	68,670	23/Nov/18	2nd Quarter,2020	122,099	4th Quarter,2019	4th Quarter,2021
101,748	36,016	24/Apr/18	3rd Quarter,2020	160,923	3rd Quarter,2019	2nd Quarter,2021
115,792	89,089	13/Oct/17	1st Quarter,2020			
66,603	13,480	26/Apr/18	4th Quarter,2019			
270,365	230,088	27/Oct/17	2nd Quarter,2020			
78,286	34,949	4/Apr/19	3rd Quarter,2020			
206,018	163,721	11/Jul/14	2nd Quarter,2020	4,941	3rd Quarter,2019	1st Quarter,2020
153,207	74,124	29/Sep/17	3rd Quarter,2020	236,917	3rd Quarter,2019	3rd Quarter,2021
323,968	296,610	14/Jul/17	4th Quarter,2020	560,013	3rd Quarter,2019	4th Quarter,2023
102,500	94,339	28/Aug/18	4th Quarter,2020	146,421	3rd Quarter,2019	3rd Quarter,2021
116,635	90,394	3/Apr/18	4th Quarter,2020	219,203	3rd Quarter,2019	4th Quarter,2021

BUSINESS OVERVIEW

Serial number	Project	City (District)	Aggregate saleable GFA for entire project sq.m.	Completed property developments ⁽²⁾			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	Haikou Binjiang Coast (海口濱江海岸)	Haikou (Haidian Island)	79,641				
89	Country Garden — Jiangnan Shijia (碧桂園·江南世家)	Zhenjiang (Jurong)	536,343				
90	Country Garden — Qianshui Bay (碧桂園淺水灣)	Changzhou (Wujin)	155,319				
91	Country Garden — Huafu Phoenix City (碧桂園·華附鳳凰城)	Shanwei (Haifeng)	357,077	7,260	7,260		19/Jun/18
92	Country Garden — Jade City (碧桂園·翡翠城)	Qingdao (High-tech Zone)	143,162				
93	Country Garden Purple Dragon Mansion (碧桂園紫龍府)	Chuzhou (Langya)	262,836				
94	Country Garden — Tianluan Mountain (碧桂園·天鑾山)	Shanwei (Haifeng)	351,730				
95	Country Garden — Central City One (碧桂園·城央壹品)	Zunyi (Honghuagang)	134,336				
96	Country Garden River and City (碧桂園江與城)	Qingyuan (Qingcheng)	279,208	130,443	129,770	449	20/Mar/19
97	Kunshan Binjiang One Nine Eight (昆山濱江壹玖捌)	Suzhou (Kunshan)	33,639	2,438	2,438		13/Jul/10
98	Country Garden — Phoenix Center (碧桂園·鳳凰中心)	Jinan (Lixia)	119,484				
99	Country Garden — Phoenix Villa (碧桂園·鳳凰山莊)	Yantai (Laishan)	222,331				
100	Country Garden — Phoenix City (碧桂園·鳳凰城)	Xuchang (Changge)	549,531				
Total			50,195,052	18,993,657	18,509,125	276,966	

Notes:

- (1) All the GFAs displayed in this section are attributable to the owners of the Company.
- (2) Based on the measurement reports from relevant government departments.
- (3) Based on the actual measurements by the project management department of the Group.
- (4) "GFA for future development" for each project is the GFA expected to be built.

BUSINESS OVERVIEW

Total saleable GFA under development sq.m.	Properties under development ⁽³⁾			Properties for future development ⁽⁴⁾		
	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
79,641	23,481	24/Feb/10	3rd Quarter,2020			
251,679	134,590	2/Nov/17	4th Quarter,2020	284,664	4th Quarter,2019	4th Quarter,2021
155,319	96,998	27/Jun/18	2nd Quarter,2020			
249,070	177,101	22/Sep/17	4th Quarter,2020	100,746	4th Quarter,2019	4th Quarter,2021
67,099	30,921	7/Mar/19	1st Quarter,2021	76,062	4th Quarter,2019	4th Quarter,2021
262,836	201,138	21/Jul/17	4th Quarter,2020			
264,734	162,927	8/Jun/18	4th Quarter,2020	86,996	4th Quarter,2019	4th Quarter,2021
134,336	97,177	6/Jul/18	4th Quarter,2020			
134,297	63,788	22/Jun/18	3rd Quarter,2020	14,468	3rd Quarter,2019	3rd Quarter,2021
31,201	19,138	23/Nov/18	4th Quarter,2020			
119,484	42,863	24/Aug/18	4th Quarter,2020			
114,920	104,560	25/May/18	4th Quarter,2020	107,411	3rd Quarter,2019	4th Quarter,2021
151,000	90,979	27/Sep/18	4th Quarter,2020	398,531	3rd Quarter,2019	4th Quarter,2023
18,591,044	11,233,325			12,610,351		

BUSINESS OVERVIEW

Landbank GFA breakdown by province in Mainland China⁽¹⁾

Province	Aggregate saleable GFA for entire project sq.m.	Completed property developments ⁽²⁾			Properties under development ⁽³⁾		
		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 ⁽⁴⁾ sq.m.
Guangdong	120,117,245	65,199,817	63,939,467	827,323	25,577,245	12,891,538	29,340,183
Jiangsu	41,269,737	17,880,725	17,342,582	303,429	13,498,794	7,361,140	9,890,217
Anhui	30,843,659	15,877,524	15,431,353	158,373	9,697,105	6,251,201	5,269,030
Hunan	28,215,523	7,335,493	7,162,880	92,599	10,534,719	6,041,872	10,345,311
Henan	20,213,528	1,974,161	1,854,867	43,631	10,227,844	5,449,499	8,011,524
Hubei	19,833,812	8,746,880	8,646,729	83,330	6,225,386	3,613,686	4,861,546
Shandong	17,505,027	2,852,278	2,796,587	36,815	7,366,797	3,941,029	7,285,952
Guangxi	16,982,863	3,676,060	3,514,742	116,828	6,761,034	4,524,036	6,545,769
Zhejiang	14,916,211	3,549,414	3,216,925	260,809	7,905,874	4,468,377	3,460,923
Guizhou	13,929,408	3,002,356	2,907,306	77,541	5,557,364	3,863,716	5,369,688
Sichuan	10,740,517	2,360,871	2,321,568	13,274	4,234,439	2,140,050	4,145,208
Liaoning	10,452,967	6,607,027	6,498,115	67,237	1,787,007	1,337,239	2,058,933
Hebei	9,778,118	2,116,409	2,066,528	12,945	3,667,204	2,054,627	3,994,504
Shaanxi	8,467,910	954,235	943,844	390	3,425,268	1,799,310	4,088,407
Fujian	8,270,120	3,147,094	3,017,877	86,060	3,816,368	2,059,693	1,306,658
Jiangxi	6,953,689	1,424,550	1,403,952	19,552	3,456,380	2,369,967	2,072,758
Hainan	6,121,669	2,546,232	2,415,754	44,747	1,495,341	407,438	2,080,095
Chongqing	5,425,070	2,097,238	1,945,292	83,877	2,083,618	938,675	1,244,214
Yunnan	5,106,263	670,335	660,570	4,227	1,883,035	1,013,055	2,552,893
Inner Mongolia	4,755,724	1,554,439	1,541,072	11,040	584,358	361,696	2,616,927
Gansu	4,221,580	2,463,392	2,405,099	27,671	921,659	763,007	836,529
Tianjin	4,091,632	1,412,946	1,308,799	21,901	626,785	295,375	2,051,901
Shanxi	3,432,095	219,932	134,320	79,155	948,014	532,772	2,264,149
Qinghai	1,280,631	45,068	44,922	-	746,330	598,019	489,233
Xinjiang	874,008	-	-	-	584,494	317,169	289,514
Shanghai	801,587	135,686	126,282	4,899	351,001	116,998	314,900
Beijing	769,139	-	-	-	219,778	50,152	549,360
Ningxia	763,609	50,890	30,501	14,806	578,461	338,015	134,258
Jilin	686,447	170,083	169,790	-	174,384	84,638	341,980
Heilongjiang	556,167	441,995	429,017	668	-	-	114,172
Tibet	44,321	-	-	-	35,500	34,233	8,821
Total	417,420,275	158,513,129	154,276,739	2,493,127	134,971,588	76,018,221	123,935,558

Notes:

- (1) All the GFAs displayed in this section are attributable to the owners of the Company.
- (2) Based on the measurement reports from relevant government departments.
- (3) Based on the actual measurements by the project management department of the Group.
- (4) "GFA for future development" for each project is the GFA expected to be built.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The executive directors of the Company assessed the performance and operations of the Group and concluded that the Group only has two reportable segments — Property development and Construction, and the other segments are individually and collectively insignificant for segment reporting purposes. Revenue increased by 53.2% to approximately RMB202,006 million in the first half of 2019 from approximately RMB131,894 million for the corresponding period in 2018. 97.4% of the Group's revenue was generated from the sales of properties (corresponding period in 2018: 96.2%), and 2.6% from Construction and Others segments (corresponding period in 2018: 3.8%).

Property Development

Revenue generated from property development maintained a growth as a result of the steady property contracted sales, and the timely delivery of property units benefit from the efficient project construction management system in the first half of 2019. Revenue generated from property development increased by 55.0% to approximately RMB196,678 million for the six months ended 30 June 2019 from approximately RMB126,885 million for the corresponding period in 2018. The recognised average selling price of property delivered was approximately RMB8,987 per sq.m. for the six months ended 30 June 2019, increasing from approximately RMB8,846 per sq.m. for the corresponding period in 2018.

Construction

Construction revenue increased by 40.8% to approximately RMB3,459 million for the six months ended 30 June 2019 from approximately RMB2,457 million for the corresponding period in 2018, primarily due to increase in the construction volume and the number of construction projects.

Others

Others segment mainly includes property investment, hotel operation and others. Revenue from external parties of these segments decreased by 26.8% to approximately RMB1,869 million for the six months ended 30 June 2019 from approximately RMB2,552 million for the corresponding period in 2018, primarily because the property management segment was spun off in June 2018.

Finance Income – Net

The Group recorded net finance income of approximately RMB905 million in the first half of 2019 (corresponding period in 2018: approximately RMB181 million).

During the period, the Group recorded post-hedging net foreign exchange losses of approximately RMB601 million (corresponding period in 2018: approximately RMB411 million), interest income of approximately RMB1,506 million (corresponding period in 2018: approximately RMB777 million), interest expense of approximately RMB11,030 million (corresponding period in 2018: approximately RMB8,852 million) of which 100% were capitalised on qualifying assets (corresponding period in 2018: 100%), and no loss on early redemption of senior notes (corresponding period in 2018: approximately RMB185 million).

Profit and Core Net Profit Attributable to Owners of the Company

Due to the increase in the revenue recognised from the sales of properties of the Group, the average selling price and the gross profit margin of such properties during the relevant period, the profit attributable to owners of the Company increased by 20.8% to approximately RMB15,635 million for the six months ended 30 June 2019, when compared with approximately RMB12,939 million for the corresponding period in 2018.

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, net losses on early redemption of senior notes and convertible bonds and changes in fair value of derivative financial instruments, the core net profit attributable to owners of the Company for the first half of 2019 was approximately RMB15,979 million, representing an increase of 23.4% when compared with approximately RMB12,954 million for the corresponding period in 2018.

Liquidity, Financial and Capital Resources

As at 30 June 2019, the Group's available cash (equals to the sum of cash and cash equivalents and restricted cash) amounted to approximately RMB222,836 million (31 December 2018: approximately RMB242,543 million). As at 30 June 2019, 93.0% (31 December 2018: 95.7%) of the Group's cash and bank deposits was denominated in Renminbi and 7.0% (31 December 2018: 4.3%) was denominated in other currencies (mainly US dollars, HK dollars and Malaysian Ringgit).

As at 30 June 2019, the carrying amount of the restricted cash was approximately RMB14,514 million (31 December 2018: approximately RMB14,200 million). Pursuant to relevant regulations, certain project companies were required to deposit a portion of proceeds from pre-sales of properties into designated bank accounts. Before 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 equipment, making interim construction payments and paying tax, with the prior approval of the relevant local authorities.

As at 30 June 2019, the net current assets of the Group were approximately RMB159,822 million (31 December 2018: approximately RMB180,344 million). The current ratio being current assets over current liabilities was approximately 1.1 as at 30 June 2019, which was the same as at 31 December 2018.

As at 30 June 2019, the Group's bank and other borrowings, senior notes, corporate bonds and convertible bonds amounted to approximately RMB221,865 million, RMB57,465 million, RMB47,336 million and RMB5,223 million respectively (31 December 2018: approximately RMB231,683

million, RMB41,716 million, RMB41,908 million and RMB13,168 million respectively).

For bank and other borrowings, approximately RMB78,760 million, RMB141,194 million and RMB1,911 million will be repayable within 1 year, between 1 and 5 years and beyond 5 years respectively (31 December 2018: approximately RMB91,844 million, RMB133,063 million and RMB6,776 million respectively). As at 30 June 2019 and 31 December 2018, the majority of the bank and other borrowings were secured by certain properties, right-of-use assets, equipment and equity investment 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. The Group's net gearing ratio decreased from approximately 59.0% as at 30 June 2018 to approximately 58.5% as at 30 June 2019.

Key Risk Factors and Uncertainties

The following 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 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

MANAGEMENT DISCUSSION AND ANALYSIS

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 2019, the weighted average borrowing cost of the Group's total debt was 6.13%, which remained stable as compared with that as at 31 December 2018. The Group has implemented certain interest rate management which includes, among others, close monitoring of interest rate movements, refinancing on existing banking facilities and entering into new banking facilities when good pricing opportunities arise.

Foreign Exchange Risk

The Group's business is mainly denominated in Renminbi. Foreign exchange risk mainly arises from the outstanding foreign currency borrowings (mainly denominated in US dollars, HK dollars and Malaysian Ringgit). Since 2015, the Group has adopted foreign currency hedging instruments to achieve better management over foreign exchange risk. The objective of the hedges is to minimise the volatility of the RMB cost of highly probable forecast repayments of foreign debts. The Group's risk management policy is to partially hedge forecasted foreign currency cash flows, subject to availability of appropriate hedging instruments and cost of hedging. The Group uses a combination of foreign exchange forward contracts, foreign currency option contracts and foreign exchange structured derivatives and cross currency swaps to hedge its exposure to foreign exchange risk.

Guarantees

As at 30 June 2019, the Group had guarantees in respect of mortgage facilities for certain buyers amounting to approximately RMB389,376 million (31 December 2018: approximately RMB319,239 million).

Pursuant to the terms of the guarantees, upon default in mortgage payments by these buyers, the Group is responsible for repaying the outstanding mortgage principals together with accrued interest and penalty

owed by the defaulted buyers to the banks, and the Group is entitled to take over the legal title and possession of the related properties. The guarantees were to be discharged upon the earlier of: (i) issuance of the real estate ownership certificate which are generally available within three months after the buyers take possession of the relevant properties; and (ii) the satisfaction of mortgage loans by the property buyers.

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

In addition, as at 30 June 2019, the Group had provided guarantees amounting to approximately RMB70,922 million (31 December 2018: approximately RMB58,090 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 2019, the Group had approximately 116,608 full-time employees (31 December 2018: 131,387).

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

MANAGEMENT DISCUSSION AND ANALYSIS

In order to adapt itself to the fast growing and ever changing market, the Group came up with the partnership scheme, aligning the interests of employees with that of the Group. Not only could this profit and loss sharing program help lower operational cost and increase profit and returns, but also make employees better understand the Company's culture of "home experience", and allow them to further develop together with the Group.

The Group has approved and/or adopted certain share option scheme and employee incentive scheme, details can be referred in "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 2019, it is expected that the government will continue to implement a long-term mechanism for real estate market for 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, apply a more conservative and practical strategy on new land acquisition to ensure the marketability of future projects and optimize geographic diversification, strengthen its contracted sales and cash collection and apply strict cost control to strengthen operating cash flows and ensure investment return.

Meanwhile, catering to the new trend and market demand like artificial intelligence industry innovation, aging workforce problem in the construction industry and consumers' improved standard on food safety, the Group has constructed a corresponding investment portfolio, which covers the businesses of intelligent manufacturing, construction robots, modern agriculture and community retail. 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 all-rounded

development. Looking forward, the Company will continue to actively explore the value of businesses and assets within the value chain of real estate, focus on the residential and related demands brought by urbanization, and establish an integrated platform covering the entire life span for our clients.

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 2019, 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 (*Co-Chairman*)
Mr. MO Bin (*President*)
Ms. YANG Ziyang
Mr. YANG Zhicheng
Mr. SONG Jun
Mr. LIANG Guokun
Mr. SU Baiyuan

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. TO Yau Kwok (appointed on 1 June 2019)
Mr. YEUNG Kwok On (resigned on 1 June 2019)

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, internal control and risk management 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 2019. 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 2019 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 the Hong Kong Institute of Certified Public Accountants.

CHANGES SINCE DATE OF 2018 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 2018 annual report and up to the date of this report are set out below:

Directors’ Information	Appointment (effective date)	Cessation (effective date)
Mr. LAI Ming, Joseph		
• Jolimark Holdings Limited (Stock Code: 2028) – independent non-executive director	–	21 May 2019
Mr. SHEK Lai Him, Abraham		
• Chuang’s China Investments Limited (Stock Code: 298) – chairman – honorary chairman	– 29 April 2019	29 April 2019 –
• MTR Corporation Limited (Stock Code: 66) – independent non-executive director	–	22 May 2019
• Far East Consortium International Limited (Stock Code: 35) – independent non-executive director	3 June 2019	–

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 2019. No incident of non-compliance was noted by the Company to date in 2019. 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 June 2019, 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:

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 2019	Amount of debentures held
Mr. YEUNG Kwok Keung	Interest of controlled corporation	53,372,800 ¹	–	53,372,800	0.24%	USD381,000,000 ¹
Ms. YANG Huiyan	Interest of controlled corporation	12,388,274,943 ²	–	12,388,274,943	57.19%	–
Mr. MO Bin	Beneficial owner	34,063,027	6,517,965 ³	40,580,992	0.18%	USD6,000,000
Ms. YANG Ziying	Interest of controlled corporation	6,750,000 ⁴	–	6,750,000	0.03%	USD5,000,000 ⁴
Mr. YANG Zhicheng	Beneficial owner	–	6,396,726 ³	6,396,726	0.02%	–
Mr. SONG Jun	Beneficial owner	–	5,857,223 ³	5,857,223	0.02%	–
Mr. LIANG Guokun	Interest of spouse	4,161,936 ⁵	–	4,161,936	0.01%	–
Mr. SU Baiyuan	Beneficial owner	436,096	1,982,468 ³	2,418,564	–	–
	Interest of spouse	419,643 ⁶	–	419,643	–	–
				2,838,207	0.01%	–
Mr. CHEN Chong	Interest of spouse	12,388,274,943 ⁷	–	12,388,274,943	57.19%	–
Mr. LAI Ming, Joseph	Beneficial owner	1,034,806	–	1,034,806	0.01%	–
Mr. SHEK Lai Him, Abraham	Beneficial owner	1,034,806	–	1,034,806	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. The amount of debentures represents the debentures held by Fine Nation Group Limited in which Mr. YEUNG Kwok Keung beneficially owns the entire 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.
- 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 and debentures represent Shares and debentures held by Shiny Dragon Assets Limited in which Ms. YANG Ziying beneficially own the entire issued share capital.
- 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 2019, 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 2019, 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 ¹ as at 30 June 2019
Concrete Win Limited	Beneficial owner	9,446,946,010 ²	43.61%
Genesis Capital Global Limited	Beneficial owner	2,840,000,000 ³	13.11%
Ping An Insurance (Group) Company of China, Ltd.	Interest of controlled corporation	1,951,053,750 ⁴	9.00% ⁴
Ping An Life Insurance Company of China, Ltd.	Beneficial owner	1,947,066,000 ^{4,5}	8.98% ^{4,5}

Notes:

1. As at 30 June 2019, the total number of the issued Shares is 21,660,382,667 Shares.
2. These Shares are held by Concrete Win Limited, the entire issued share capital of which is beneficially owned by Ms. YANG Huiyan.
3. These Shares are held by Genesis Capital Global Limited, the entire issued share capital of which is beneficially owned by Ms. YANG Huiyan.
4. 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 2019 (date of relevant event: 14 February 2018).
5. 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 2019 (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 2019 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

In view of the expiry of the 2007 Share Option Scheme on 19 March 2017, 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 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 2019, share options for 13,521,068 Shares with a fair value on the relevant grant date of approximately RMB140 million were granted to eligible persons in accordance with the terms of the 2017 Share Option Scheme.

(a) During the six months ended 30 June 2019, 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 2019	Exercise price per Share HKD	Date of grant	Exercisable period
	Outstanding at 1 January 2019	Granted during the period ¹	Exercised during the period	Cancelled during the period	Lapsed during the period				
Directors									
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	6,626,436	-	-	-	-	6,626,436			
Employees									
	2,331,945	-	1,146,063 ²	-	-	1,185,882	4.773	13.12.2013	13.12.2018-12.12.2023
Sub-total	2,331,945	-	1,146,063	-	-	1,185,882			
Other participants									
	186,342	-	-	-	-	186,342	3.332	16.03.2016	16.03.2021-15.03.2026
	968,146	-	968,146 ³	-	-	-	4.773	13.12.2013	13.12.2018-12.12.2023
Sub-total	1,154,488	-	968,146	-	-	186,342			
Total	10,112,869	-	2,114,209	-	-	7,998,660			

Notes:

- During the six months ended 30 June 2019, 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 15 January 2019, 4 March 2019 and 11 June 2019 (the dates on which the relevant share options were exercised) was HKD9.594.
- The weighted average closing price of these Shares immediately before 15 January 2019 (the date on which the relevant share options were exercised) was HKD9.080.

CORPORATE GOVERNANCE AND OTHER INFORMATION

(b) During the six months ended 30 June 2019, 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					Outstanding at 30 June 2019	Exercise price per Share HKD	Date of grant ²	Exercisable period
	Outstanding at 1 January 2019	Granted during the period ¹	Exercised during the period	Cancelled during the period	Lapsed during the period				
Directors									
Mr. MO Bin	6,517,965	-	-	-	-	6,517,965	16.720	18.05.2018	18.05.2018-17.05.2028
	-	12,356,027	12,356,027 ³	-	-	-	12.044	25.03.2019	25.03.2019-24.03.2029
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
	434,145	-	-	-	-	434,145	9.654	06.12.2018	06.12.2023-05.12.2028
	-	348,158	-	-	-	348,158	12.044	25.03.2019	25.03.2024-24.03.2029
	-	429,995	-	-	-	429,995	12.408	09.05.2019	09.05.2024-08.05.2029
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
	202,300	-	-	-	-	202,300	12.240	22.08.2018	22.08.2023-21.08.2028
	185,762	-	-	-	-	185,762	9.654	06.12.2018	06.12.2023-05.12.2028
	-	66,723	-	-	-	66,723	12.044	25.03.2019	25.03.2024-24.03.2029
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
	-	320,165	-	-	-	320,165	12.408	09.05.2019	09.05.2024-08.05.2029
Sub-total	12,962,905	13,521,068	12,356,027	-	-	14,127,946			
Employee⁴	117,526	-	-	-	-	117,526	8.250	22.05.2017	22.05.2022-21.05.2027
Sub-total	117,526	-	-	-	-	117,526			
Total	13,080,431	13,521,068	12,356,027	-	-	14,245,472			

Notes:

- During the six months ended 30 June 2019, share options of 13,521,068 Shares 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 25 March 2019 and 9 May 2019 was HKD12.20 and HKD12.06 respectively.
- The weighted average closing price of these Shares immediately before 28 March 2019 (the date on which the relevant share options were exercised) was HKD12.160.
- The share options of 117,526 Shares were granted on 22 May 2017 to Mr. XIE Shutai, who has 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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.

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.

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.

Options to subscribe for shares of CG Services									
Category and name of grantees	Outstanding at 1 January 2019	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Outstanding at 30 June 2019	Exercise price per share of CG Services HKD	Date of grant	Exercisable 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			
Employees									
Ms. WU Bijun ²	12,964,000	-	-	-	-	12,964,000	0.940	21.05.2018	Vesting date ¹ to 20.05.2023
Mr. XIE Shutai ³	19,446,000	-	-	-	-	19,446,000	0.940	21.05.2018	Vesting date ¹ to 20.05.2023
Sub-total	32,410,000	-	-	-	-	32,410,000			
Other participants⁴									
Sub-total	61,646,000	-	-	-	-	61,646,000	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.
- Ms. WU Bijun is the vice president and chief financial officer of the Company, and non-executive director of CG Services.
- Mr. XIE Shutai resigned as executive Director with effect from 2 March 2018.
- All of the “other participants” are employees of CG Services but not employees of the Company as at 30 June 2019.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 participants and to enhance their performance and efficiency. The trustee of the Employee Incentive Scheme is Power Great Enterprises Limited ("**Power Great**"), a wholly-owned subsidiary of the Company. During the six months ended 30 June 2019, Power Great had not purchased any Share from the market, and had not acquired any Share or by any other way in accordance with the Employee Incentive Scheme. As at 30 June 2019, share awards for 154,676,540 Shares were granted under the Employee Incentive Scheme subject to completion of the registration and transfer procedures pursuant to the terms of the Employee Incentive Scheme. As of 30 June 2019, the cumulative total number of Shares held by Power Great under the Employee Incentive Scheme was 293,186,788 Shares (including Shares which had been granted to relevant employees with the registration and transfer procedures yet to be completed) (31 December 2018: 293,186,788 Shares).

The Board will continue to monitor the Employee Incentive Scheme for motivating the senior management and employees of the Group and consider when it may be appropriate and/or desirable to modify or replace the Employee Incentive Scheme with and/or adopt any other incentive scheme.

REDEMPTION OF ZERO COUPON SECURED GUARANTEED CONVERTIBLE BONDS DUE 2019

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 "**2019 Bonds Subscription Agreement**"), pursuant to which the Sole Bookrunner agreed to subscribe for the zero coupon secured guaranteed convertible bonds due 2019 (the "**2019 Convertible Bonds**") to be issued by the Issuer in the aggregate principal amount of HKD15,600 million. According to the announcements of the Company dated 29 May 2018, 25 June 2018 and 18 September 2018, the 2019 Convertible Bonds might be converted into Shares at the last modified conversion price of HKD18.29 per Share (the "**2019 Conversion Price**") during the conversion period under the terms of the 2019 Convertible Bonds. The 2019 Convertible Bonds were guaranteed by the Company, and were jointly and severally guaranteed by certain subsidiaries of the Company. The 2019 Convertible Bonds also had the benefit of certain security on the collateral. Assuming full conversion of the 2019 Convertible Bonds at the 2019 Conversion Price, the 2019 Convertible Bonds would be convertible into 852,925,095 Shares representing approximately 3.93% of the issued share capital of the Company as at 19 September 2018 (the date of the last adjustment to the 2019 Conversion Price) and approximately 3.78% of the then issued share capital of the Company as enlarged by the issue of the conversion Shares.

The conditions set out in the 2019 Bonds Subscription Agreement have been fulfilled. On 30 January 2018, the Issuer issued the 2019 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 2019 Convertible Bonds would be issued under the general mandate granted at the 2017 AGM 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 2019 Convertible Bonds were listed on SGX.

The net proceeds from the issue of the 2019 Convertible Bonds was approximately HKD15,491 million. The Company applied the net proceeds for the repayment of debts of the Group and/or as general working capital purpose as intended. Please refer to the announcements of the Company dated 16 January 2018 and 17 January 2018 for further details.

CORPORATE GOVERNANCE AND OTHER INFORMATION

During 2018, the Issuer had conducted a partial repurchase of the 2019 Convertible Bonds (the “**Partial Repurchase**”) and had received commitments from holders of the 2019 Convertible Bonds to sell approximately HKD6,054 million in aggregate principal amount of the 2019 Convertible Bonds to the Company via J.P. Morgan Securities plc and Goldman Sachs (Asia) L.L.C. as joint dealer managers. Following settlement of the Partial Repurchase, the 2019 Convertible Bonds partially repurchased had been cancelled. Also, the Company had repurchased HKD396 million of the 2019 Convertible Bonds from SGX during 2018.

As announced by the Company on 29 January 2019, upon the maturity of all of the outstanding 2019 Convertible Bonds on 27 January 2019, the Company had redeemed all of the outstanding 2019 Convertible Bonds (including HKD396 million of the 2019 Convertible Bonds repurchased by the Company from SGX during 2018). Following such redemption, the Company does not have any outstanding 2019 Convertible Bonds and the 2019 Convertible Bonds were delisted from SGX. No new Shares were issued under the 2019 Convertible Bonds.

ADJUSTMENT TO CONVERSION PRICE OF 4.50% SECURED GUARANTEED CONVERTIBLE BONDS DUE 2023 AND APPROVAL OF THE WRITTEN CALL OPTIONS

Concurrent with the Partial Repurchase, the Issuer has carried out the issue of the new secured guaranteed convertible bonds and on 21 November 2018 entered into an agreement (the “**2023 Bonds Subscription Agreement**”) with the Company, J.P. Morgan Securities plc, Goldman Sachs (Asia) L.L.C and The Hongkong and Shanghai Banking Corporation Limited (the “**Joint Lead Managers**”) under which the Joint Lead Managers agreed to subscribe for the 4.50% secured guaranteed convertible bonds due 2023 to be issued by the Issuer in the aggregate principal amount of HKD7,830 million (the “**2023 Convertible Bonds**”). The 2023 Convertible Bonds may be converted into Shares at the initial conversion price of HKD12.5840 per Share during the conversion period under the terms of the 2023 Convertible Bonds. The 2023 Convertible Bonds are guaranteed by the Company, and are jointly and severally guaranteed by certain existing subsidiaries of the Company (the “**Subsidiary Guarantors**”). The 2023 Convertible Bonds also have the benefit of certain security interests on the capital stock of the Subsidiary Guarantors.

Based on the adjustment provisions stipulated under the terms and conditions of the 2023 Convertible Bonds, as a result of the payment of a final dividend by the Company for the year ended 31 December 2018, the conversion price of the 2023 Convertible Bonds had been adjusted from the initial conversion price of HKD12.5840 per Share to the last modified conversion price of HKD12.20 per Share (the “**2023 Conversion Price**”) with effect from 24 May 2019. Assuming full conversion of the 2023 Convertible Bonds at the 2023 Conversion Price, the 2023 Convertible Bonds would be convertible into 641,803,278 Shares, representing approximately 2.96% of the issued share capital of the Company as at 24 May 2019 and approximately 2.88% of the then issued share capital of the Company as enlarged by the issue of the conversion Shares.

The conditions set out in the 2023 Bonds Subscription Agreement have been fulfilled. On 5 December 2018, the Issuer issued the 2023 Convertible Bonds in the principal amount of HKD7,830 million. The new Shares that may fall to be issued upon the conversion of the 2023 Convertible Bonds will be issued under the general mandate granted at the 2018 AGM subject to the limit of up to 20% of the total number of Shares in issue as at the date of the 2018 AGM (i.e. 4,348,186,628 Shares, representing 20% of 21,740,933,140 Shares in issue as at the date of the 2018 AGM). The 2023 Convertible Bonds are listed on SGX.

CORPORATE GOVERNANCE AND OTHER INFORMATION

On 21 November 2018, the Issuer entered into purchased call options and the written call options with J.P. Morgan Securities plc and Goldman Sachs International or their respective affiliates (collectively, the “**Option Counterparties**”) as follows:

- (a) call option transaction(s) involving the sale of call option(s) by the Option Counterparties to the Issuer with a strike price equal to the 2023 Conversion Price (the “**Purchased Call Options**”); and
- (b) call option transaction(s) involving the sale of call option(s) by the Issuer to the Option Counterparties with the initial strike price of HKD17.908 (the “**Written Call Option(s)**”).

The Purchased Call Options and Written Call Options are expected generally to reduce or offset the potential dilution upon conversion of the 2023 Convertible Bonds and/or offset any cash payments the Issuer is required to make in excess of the principal amount of the converted 2023 Convertible Bonds, as the case may be. The Purchased Call Options and Written Call Options will cover, subject to anti-dilution adjustments substantially similar to those applicable to the 2023 Convertible Bonds, the equivalent number of Shares underlying the 2023 Convertible Bonds.

The Written Call Options had been approved by the Shareholders at the 2019 EGM in accordance with Rule 15.02 of the Listing Rules. The Written Call Options will be settled physically, under the specific mandate to issue Shares under the Written Call Options as approved by the Shareholders at the 2019 EGM.

Based on the adjustment provisions stipulated under the terms and conditions of the Written Call Options, as a result of the payment of a final dividend by the Company for the year ended 31 December 2018, the strike price of the Written Call Options had been adjusted from the initial strike price of HKD17.908 per Written Call Option to the last modified strike price of HKD17.37 per Written Call Option with effect from 24 May 2019. The maximum number of Shares that may be issued upon physical settlement of the Written Call Options is 641,422,390 Shares, representing approximately 2.96% of the issued share capital of the Company as at 24 May 2019 and approximately 2.88% of the then issued share capital of the Company as enlarged by the issue of the Shares upon exercise of all of the Written Call Options.

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

PURCHASE, SALE OR REDEMPTION OF LISTING SECURITIES

Neither the Company nor any of its subsidiaries has purchased, bought back, sold or redeemed any of the Shares during the six months ended 30 June 2019.

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 2019, please refer to notes 17, 18 and 19 to the “NOTES TO THE INTERIM FINANCIAL INFORMATION” and the sections headed “REDEMPTION OF ZERO COUPON SECURED GUARANTEED CONVERTIBLE BONDS DUE 2019” and “ADJUSTMENT TO CONVERSION PRICE OF 4.50% SECURED GUARANTEED CONVERTIBLE BONDS DUE 2023 AND APPROVAL OF THE WRITTEN CALL OPTIONS” in this report.

DISCLOSURE UNDER RULE 13.18 OF THE LISTING RULES

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 transferable 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 has 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 transferable term loan facilities denominated in HKD and USD in the amount of HKD3,790 million and USD1,014 million, 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 pre-funding 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 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 transferable term loan facility denominated in HKD and USD in an amount of HKD2,454 million and USD945 million (increased from USD935 million to USD945 million 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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% of interests of a company incorporated under the laws of the Cayman Islands (the **“Target Company”**); and (ii) the subscription of 4.21% of 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.

On 28 December 2018, the Company, as the borrower, entered into a facility agreement (the **“2018 Facility Agreement”**) with, inter alia, various banks and financial institutions as lenders (the **“2018 Lenders”**), Industrial and Commercial Bank of China (Asia) Limited as the facility agent and The Hongkong and Shanghai Banking Corporation Limited and Industrial and Commercial Bank of China (Asia) Limited as the mandated lead arrangers and bookrunners and coordinators, pursuant to which the 2018 Lenders have agreed to make available a dual tranche transferable term loan facility denominated in HKD and USD in an amount of HKD3,470 million and USD486 million, respectively (collectively, the **“2018 Loans”**) to the Company for a term of 36 months from the date of the 2018 Facility Agreement for the Tranche A1 Facility (as defined in the 2018 Facility Agreement) and Tranche A2 Facility (as defined in the 2018 Facility Agreement) and 24 months from the date of the 2018 Facility Agreement for the Tranche B1 Facility (as defined in the 2018 Facility Agreement) and Tranche B2 Facility (as defined in the 2018 Facility Agreement) commencing from the date of the 2018 Facility Agreement. The 2018 Loans to be obtained under the 2018 Facility Agreement shall be applied by the Company for refinancing any existing indebtedness of the Group. Pursuant to the terms of the 2018 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 2018 Facility Agreement.

On 23 July 2019, the Company, as the borrower, entered into a facility agreement (the **“2019 Facility Agreement”**) with various financial institutions as lenders (the **“2019 Lenders”**), Bank of China (Hong Kong) Limited as the facility agent, pursuant to which the 2019 Lenders have agreed to make available a dual tranche transferable term loan facilities with a greenshoe option denominated in HKD and USD in an amount of HKD4,300 million and USD626 million, respectively (collectively, the **“2019 Loans”**) to the Company for a term of 48 months commencing from the date of the 2019 Facility Agreement. The 2019 Loans to be obtained under the 2019 Facility Agreement shall be applied by the Company for refinancing any other existing offshore financial indebtedness owed by the Company or any member of the Group and financing costs and expenses to be incurred under the 2019 Facility Agreement. Pursuant to the terms of the 2019 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 2019 Facility Agreement.

INFORMATION FOR SHAREHOLDERS

INTERIM DIVIDEND

The Board declared an interim dividend of RMB22.87 cents (2018 interim dividend: RMB18.52 cents) per Share for the six months ended 30 June 2019 (the “**Interim Dividend**”) to Eligible Shareholders whose names appear on the register of members of the Company (the “**Register of Members**”) on Wednesday, 18 September 2019 (the “**Record Date**”), with the Eligible Shareholders being given an option to elect to receive the 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 Friday, 6 September 2019 to Thursday, 12 September 2019.

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, 18 October 2019. It is expected that the Interim Dividend warrants and certificates for the new Shares (in case the Eligible Shareholders have elected to receive part or all their Interim Dividend in the form of new Shares) will be despatched to the Eligible Shareholders on or around Friday, 22 November 2019.

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	Thursday, 12 September 2019
Latest time to lodge transfer documents for registration with the Company’s branch share registrar and transfer office in Hong Kong	At 4:30 p.m. on Friday, 13 September 2019
Closure of Register of Members	Monday, 16 September 2019 to Wednesday, 18 September 2019 (both days inclusive)
Record Date	Wednesday, 18 September 2019

For the 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 54, 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 2019 RMB million	Audited 31 December 2018 RMB million
Non-current assets			
Property, plant and equipment	8	23,815	23,421
Investment properties	8	14,446	16,435
Intangible assets		660	670
Land use rights		–	2,496
Right-of-use assets	4	4,264	–
Properties under development	9	126,970	107,812
Investments in joint ventures	10	32,160	27,891
Investments in associates	11	19,725	18,768
Financial assets at fair value through other comprehensive income		2,587	1,796
Derivative financial instruments		2,089	992
Trade and other receivables	12	26,778	10,962
Deferred income tax assets		21,057	18,701
		274,551	229,944
Current assets			
Properties under development	9	662,174	626,937
Completed properties held for sale		31,305	44,338
Inventories		10,112	8,822
Trade and other receivables	12	485,062	426,397
Contract assets and contract acquisition costs	13	20,550	17,094
Prepaid income tax		24,826	21,350
Restricted cash	14	14,514	14,200
Cash and cash equivalents	14	208,322	228,343
Financial assets at fair value through profit or loss	15	15,042	12,019
Derivative financial instruments		272	250
		1,472,179	1,399,750
Current liabilities			
Contract liabilities		607,550	562,800
Trade and other payables	16	554,398	498,821
Receipts under securitisation arrangements		550	794
Current income tax liabilities		29,240	30,783
Senior notes	17	7,038	2,238
Corporate bonds	18	28,098	23,964
Convertible bonds	19	21	8,051
Bank and other borrowings	20	78,760	91,844
Lease liabilities	4	51	–
Derivative financial instruments		88	111
Dividend payable	27	6,563	–
		1,312,357	1,219,406
Net current assets		159,822	180,344
Total assets less current liabilities		434,373	410,288

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited 30 June 2019 RMB million	Audited 31 December 2018 RMB million
Non-current liabilities			
Senior notes	17	50,427	39,478
Corporate bonds	18	19,238	17,944
Convertible bonds	19	5,202	5,117
Bank and other borrowings	20	143,105	139,839
Lease liabilities	4	261	–
Deferred government grants		176	249
Deferred income tax liabilities		26,751	32,224
Derivative financial instruments		2,878	2,029
		248,038	236,880
Equity attributable to owners of the Company			
Share capital and premium	21	28,025	27,881
Other reserves	22	8,281	8,247
Retained earnings	22	94,554	85,202
		130,860	121,330
Non-controlling interests		55,475	52,078
Total equity		186,335	173,408
Total equity and non-current liabilities		434,373	410,288

The above interim condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Unaudited Six months ended 30 June	
		2019 RMB million	2018 RMB million
Revenue	7	202,006	131,894
Cost of sales	24	(147,150)	(96,921)
Gross profit		54,856	34,973
Other income and gains — net	23	1,656	1,758
Gains arising from changes in fair value of and transfer to investment properties	8	16	539
Selling and marketing costs	24	(9,098)	(4,502)
Administrative expenses	24	(9,571)	(5,069)
Research and development expenses	24	(620)	(331)
Net impairment losses on financial and contract assets		(973)	(482)
Operating profit		36,266	26,886
Finance income	25	1,506	777
Finance costs	25	(601)	(596)
Finance income — net	25	905	181
Share of results of joint ventures and associates	10,11	2,317	(210)
Profit before income tax		39,488	26,857
Income tax expenses	26	(16,431)	(10,538)
Profit for the period		23,057	16,319
Profit attributable to:			
— Owners of the Company		15,635	12,939
— Non-controlling interests		7,422	3,380
		23,057	16,319
Earnings per share attributable to owners of the Company (expressed in RMB yuan per share)			
Basic	28	0.73	0.60
Diluted	28	0.71	0.58

The above interim condensed consolidated income statement should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited	
	Six months ended 30 June	
	2019	2018
	RMB million	RMB million
Profit for the period	23,057	16,319
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	72	(14)
Items that may be reclassified to profit or loss:		
– Deferred (losses)/gains on cash flow hedges	(65)	2
– Deferred gains/(costs) of hedging	527	(169)
– Currency translation differences	(349)	(261)
Total other comprehensive income/(loss) for the period, net of tax	185	(442)
Total comprehensive income for the period	23,242	15,877
Total comprehensive income attributable to:		
– Owners of the Company	15,824	12,514
– Non-controlling interests	7,418	3,363
	23,242	15,877

The above interim condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited						
	Attributable to owners of the Company					Non-controlling interests RMB million	Total equity RMB million
	Share capital and premium RMB million (note 21)	Other reserves RMB million (note 22)	Retained earnings RMB million (note 22)	Total RMB million			
Balance at 1 January 2019	27,881	8,247	85,202	121,330	52,078	173,408	
Comprehensive income for the six months ended 30 June 2019							
Profit for the period	-	-	15,635	15,635	7,422	23,057	
Other comprehensive income	-	156	33	189	(4)	185	
Total comprehensive income for the six months ended 30 June 2019	-	156	15,668	15,824	7,418	23,242	
Transactions with owners in their capacity as owners:							
Capital injections from non-controlling interests	-	-	-	-	1,412	1,412	
Transfer to statutory reserves	-	32	(32)	-	-	-	
Dividend (note 27)	-	-	(6,563)	(6,563)	(196)	(6,759)	
Employee share option scheme:							
– Value of employee services	-	179	-	179	-	179	
– Issue of shares pursuant to share option scheme	144	(9)	-	135	-	135	
Effect of redemption of convertible bonds upon maturity	-	(220)	220	-	-	-	
Non-controlling interests arising from business combinations (note 31)	-	-	-	-	931	931	
Disposals of subsidiaries (note 30)	-	(59)	59	-	(6,159)	(6,159)	
Changes in ownership interests in subsidiaries without change of control	-	(45)	-	(45)	(9)	(54)	
Total transactions with owners	144	(122)	(6,316)	(6,294)	(4,021)	(10,315)	
Balance at 30 June 2019	28,025	8,281	94,554	130,860	55,475	186,335	

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	6,339	-	-	6,339	-	6,339
Dividend	-	-	(5,424)	(5,424)	-	(5,424)
Distribution in specie	-	(490)	(1,275)	(1,765)	(25)	(1,790)
Buy-back of shares	(616)	-	-	(616)	-	(616)
Employee share schemes						
– Value of employee services	-	230	-	230	-	230
Equity component of convertible bonds	-	375	-	375	-	375
Non-controlling interests arising from business combinations	-	-	-	-	9,160	9,160
Disposals of subsidiaries	-	-	-	-	(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

The above interim condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Note	Unaudited Six months ended 30 June	
		2019 RMB million	2018 RMB million
Cash flows from operating activities			
Cash generated from operations		34,347	24,567
Income tax paid		(23,037)	(13,963)
Interest paid		(9,502)	(7,437)
Net cash generated from operating activities		1,808	3,167
Cash flows from investing activities			
Net cash outflow on acquisitions of subsidiaries	31	(440)	(7,235)
Proceeds from disposals of property, plant and equipment		–	137
Purchases of property, plant and equipment		(1,723)	(2,033)
Payments for investment properties		(177)	(36)
Purchases of intangible assets		(30)	(63)
Purchases of land use rights		–	(282)
Purchases of right-of-use assets		(1,831)	–
Investments in joint ventures		(1,620)	(5,222)
Investments in associates		(178)	(3,243)
Deposits for acquisitions of companies		(24,834)	(8,738)
Loans advanced to third parties		–	(69)
Net cash outflow on disposals of subsidiaries	30	(5,607)	(1,569)
Payments for financial assets at fair value through other comprehensive income		(830)	(2)
Proceeds from disposal of financial assets at fair value through other comprehensive income		140	–
Payments for financial assets at fair value through profit or loss		(14,604)	(4,014)
Proceeds from disposal of financial assets at fair value through profit or loss		11,660	24,522
Repayments from loans to third parties		680	99
Interest received		1,506	777
Net cash used in investing activities		(37,888)	(6,971)

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Note	Unaudited	
		2019	2018
		RMB million	RMB million
Cash flows from financing activities			
Capital injections from non-controlling interests		1,412	2,027
Buy-back of shares		–	(616)
Net proceeds from transactions with non-controlling interests		(54)	(732)
Issue of shares as a result of placing		–	6,330
Issue of shares pursuant to share option scheme		135	9
Net cash distributed in respect of distribution in specie		–	(3,085)
Issue of senior notes	17	16,765	6,451
Repayment or redemption of senior notes	17	(1,723)	(4,942)
Issue of corporate bonds	18	4,374	324
Redemption of corporate bonds	18	(100)	(3,800)
Issue of convertible bonds		–	12,546
Redemption of convertible bonds upon maturity	19	(7,869)	–
Proceeds from bank and other borrowings		42,923	78,660
Repayments of bank and other borrowings		(39,277)	(28,803)
Repayment of receipts under securitisation arrangements		(244)	(1,011)
Principal elements of lease payments		(23)	–
Settlement of derivative financial instruments		(122)	(279)
Dividends paid to non-controlling interests		(196)	–
Net cash generated from financing activities		16,001	63,079
Net (decrease)/increase in cash and cash equivalents		(20,079)	59,275
Cash and cash equivalents at the beginning of the period		228,343	137,084
Exchange gains on cash and cash equivalents		58	68
Cash and cash equivalents at the end of the period		208,322	196,427

The above interim condensed consolidated cash flow statement should be read in conjunction with the accompanying notes.

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 22 August 2019. This interim financial information has not been audited.

2 Basis of preparation

This interim financial information for the six months ended 30 June 2019 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 2018 (“2018 Financial Statements”), which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) and disclosure requirements under the Hong Kong Companies Ordinance, 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 2018 Financial Statements as described therein.

Except for the adoption of HKFRS 16 “Leases” of which the impact is set out in the Note 4 below, other amendments and interpretations to existing standards that are effective for the financial year beginning on 1 January 2019 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 that have been issued and relevant to the Group but are not effective for the financial year beginning on 1 January 2019 and have not been early adopted:

		Effective for the financial year beginning on or after
Amendments to HKFRS 3	Definition of a business	1 January 2020
Amendments to HKAS 1 and HKAS 8	Definition of material	1 January 2020
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

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 policy

The Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from HKFRS 16 are therefore recognised in the opening balance sheet on 1 January 2019.

(a) Adjustments recognised on adoption of HKFRS 16

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of HKAS 17 “Leases”. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2019. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 6.5%.

	2019 RMB million
Operating lease commitments disclosed as at 31 December 2018	317
Discounted using the lessee’s incremental borrowing rate of at the date of initial application	269
Less: short-term leases to be recognised on a straight-line basis as expense	(25)
Lease liabilities recognised as at 1 January 2019	244
Of which are:	
Current lease liabilities	75
Non-current lease liabilities	169

Right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	30 June 2019 RMB million	1 January 2019 RMB million
Lease properties	306	244
Land use rights (reclassified from the financial statement line item “land use rights”)	3,958	2,496
Total right-of-use assets	4,264	2,740

NOTES TO THE INTERIM FINANCIAL INFORMATION

4 Change in accounting policy *(Continued)***(a) Adjustments recognised on adoption of HKFRS 16** *(Continued)*

The recognised lease liabilities are classified as below:

	30 June 2019 RMB million	1 January 2019 RMB million
Current lease liabilities	51	75
Non-current lease liabilities	261	169
Total lease liabilities	312	244

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- right-of-use assets — increase by RMB2,740 million;
- lease liabilities — increase by RMB244 million.
- land use rights — decrease by RMB2,496 million;

There was no net impact on retained earnings on 1 January 2019.

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

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made applying HKAS 17 and HK(IFRIC) — Int 4 “Determining whether an Arrangement contains a Lease”.

NOTES TO THE INTERIM FINANCIAL INFORMATION

4 Change in accounting policy *(Continued)*

(b) The Group's leasing activities and how these are accounted for

The Group leases various properties. These property lease agreements do not impose any covenants, but leased properties may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, long-term leases are recognised as a right-of-use assets and corresponding liabilities at the date at which the lease asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liabilities;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

NOTES TO THE INTERIM FINANCIAL INFORMATION

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 judgements 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 2018 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 2018 Financial Statements.

There have been no significant changes 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 2019					
Senior notes	9,872	9,326	37,702	15,643	72,543
Bank and other borrowings	93,259	103,914	50,620	2,036	249,829
Corporate bonds	29,329	11,308	9,586	–	50,223
Convertible bonds	310	310	7,817	–	8,437
Receipts under securitisation arrangements	569	–	–	–	569
Trade and other payables (excluding other taxes payable and salaries payable)	496,747	–	–	–	496,747
Dividend payable	6,563	–	–	–	6,563
Derivative financial instruments	88	118	2,757	3	2,966
Lease liabilities	70	58	85	261	474
Total	636,807	125,034	108,567	17,943	888,351

	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 2018					
Senior notes	4,224	8,389	26,799	12,276	51,688
Bank and other borrowings	106,941	82,012	64,525	7,218	260,696
Corporate bonds	26,016	10,865	8,632	–	45,513
Convertible bonds	8,386	309	7,787	–	16,482
Receipts under securitisation arrangements	832	–	–	–	832
Trade and other payables (excluding other taxes payable and salaries payable)	447,987	–	–	–	447,987
Derivative financial instruments	111	239	1,790	–	2,140
Total	594,497	101,814	109,533	19,494	825,338

NOTES TO THE INTERIM FINANCIAL INFORMATION

6 Financial risk management (Continued)**6.3 Fair value estimation**

The table below analyses financial instruments carried or presented 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 2019				
Assets				
Financial assets at fair value through other comprehensive income	77	–	2,510	2,587
Derivative financial instruments	–	2,361	–	2,361
Financial assets at fair value through profit or loss	338	14,704	–	15,042
Total	415	17,065	2,510	19,990
Liabilities				
Derivative financial instruments	–	2,966	–	2,966
At 31 December 2018				
Assets				
Financial assets at fair value through other comprehensive income	94	–	1,702	1,796
Derivative financial instruments	–	1,242	–	1,242
Financial assets at fair value through profit or loss	259	11,760	–	12,019
Total	353	13,002	1,702	15,057
Liabilities				
Derivative financial instruments	–	2,140	–	2,140

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

The executive directors of the Company assessed the performance and operations of the Group and concluded that the Group only has two reportable segments — Property development and Construction, and the other segments are individually and collectively insignificant for segment reporting purposes.

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

Segment assets consist primarily of property, plant and equipment, intangible assets, right-of-use assets, investment properties, properties under development, investments in joint ventures, investments in associates, completed properties held for sale, inventories, receivables, prepaid income tax, contract assets and contract acquisition costs and operating cash. They exclude 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, intangible assets and right-of-use assets, excluding those arising from business combinations.

Revenue consists of the following:

	Six months ended 30 June	
	2019	2018
	RMB million	RMB million
Sales of properties	196,678	126,885
Rendering of construction services	3,459	2,457
Rental income	143	117
Rendering of property management services	—	1,632
Rendering of hotel services and others	1,726	803
	202,006	131,894

Sales between segments are carried out according to the terms and conditions agreed by the respective segments' management.

The Group's revenue is mainly attributable to the market in Mainland China and over 90% of the Group's non-current assets are located in Mainland China. No geographical information is therefore presented.

The Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue.

NOTES TO THE INTERIM FINANCIAL INFORMATION

7 Revenue and segment information (Continued)

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

	Property development RMB million	Construction RMB million	Others RMB million	Total RMB million
Six months ended 30 June 2019				
Revenue from contracts with customers	196,678	21,883	8,050	226,611
– Recognised at a point in time	146,934	–	7,200	154,134
– Recognised over time	49,744	21,883	850	72,477
Revenue from other sources: rental income	–	–	143	143
Segment revenue	196,678	21,883	8,193	226,754
Inter-segment revenue	–	(18,424)	(6,324)	(24,748)
Revenue from external customers	196,678	3,459	1,869	202,006
Segment results	38,427	171	(142)	38,456
Share of results of joint ventures and associates	2,353	–	(36)	2,317
Gains arising from changes in fair value of and transfer to investment properties	–	–	16	16
Depreciation and amortisation expenses of property, plant and equipment, intangible assets and right-of-use assets	145	22	398	565
Net impairment losses on financial and contract assets	919	14	40	973
At 30 June 2019				
Total segment assets after elimination of inter-segment balances	1,605,332	24,389	75,962	1,705,683
Investments in joint ventures and associates	51,581	–	304	51,885
Capital expenditure	957	20	2,484	3,461
Total segment liabilities after elimination of inter-segment balances	1,098,545	21,322	42,569	1,162,436

NOTES TO THE INTERIM FINANCIAL INFORMATION

7 Revenue and segment information *(Continued)*

	Property development RMB million	Construction RMB million	Others RMB million	Total 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
Segment results	25,463	157	1,020	26,640
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
Net impairment losses on financial and contract assets	464	6	12	482
At 31 December 2018				
Total segment assets after elimination of inter-segment balances	1,519,796	21,951	54,189	1,595,936
Investments in joint ventures and associates	46,431	–	228	46,659
Capital expenditure	1,792	32	1,972	3,796
Total segment liabilities after elimination of inter-segment balances	1,022,717	19,023	20,130	1,061,870

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

	Six months ended 30 June	
	2019 RMB million	2018 RMB million
Total segment results	38,456	26,640
Changes in fair value of derivative financial instruments	127	36
Finance income – net	905	181
Profit before income tax	39,488	26,857

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 2019 RMB million	31 December 2018 RMB million
Total segment assets after elimination of inter-segment balances	1,705,683	1,595,936
Deferred income tax assets	21,057	18,701
Financial assets at fair value through other comprehensive income	2,587	1,796
Financial assets at fair value through profit or loss	15,042	12,019
Derivative financial instruments	2,361	1,242
Total assets	1,746,730	1,629,694
Total segment liabilities after elimination of inter-segment balances	1,162,436	1,061,870
Dividend payable	6,563	–
Deferred income tax liabilities	26,751	32,224
Current income tax liabilities	29,240	30,783
Senior notes	57,465	41,716
Bank and other borrowings	221,865	231,683
Corporate bonds	47,336	41,908
Convertible bonds	5,223	13,168
Receipts under securitisation arrangements	550	794
Derivative financial instruments	2,966	2,140
Total liabilities	1,560,395	1,456,286

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 2019		
Opening net book amount at 1 January 2019	23,421	16,435
Acquisition of subsidiaries (note 31)	73	–
Other additions	1,660	177
Transfer from properties under development and completed properties held for sale	–	655
Revaluation gains upon transfers	–	325
Fair value changes	–	(309)
Transfer to properties under development	–	(778)
Disposals of subsidiaries	(499)	(2,059)
Other disposals	(247)	–
Depreciation	(613)	–
Exchange differences	20	–
Closing net book amount at 30 June 2019	23,815	14,446
Six months ended 30 June 2018		
Opening net book amount at 1 January 2018	21,628	8,338
Acquisition of subsidiaries	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 changes	–	158
Transfer to properties under development	–	(331)
Disposals of subsidiaries	(772)	–
Other disposals	(82)	–
Depreciation	(560)	–
Exchange differences	83	–
Closing net book amount at 30 June 2018	22,902	12,523

The Group's investment properties were valued at transfer or business acquisition dates, and at 30 June 2019 and 31 December 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 2019 and 31 December 2018, the Group only had investment properties measured at Level 3 valuation.

NOTES TO THE INTERIM FINANCIAL INFORMATION

9 Properties under development

	30 June 2019 RMB million	31 December 2018 RMB million
Properties under development expected to be completed and delivered:		
– Within a normal operating cycle included under current assets	662,174	626,937
– Beyond a normal operating cycle included under non-current assets	126,970	107,812
	789,144	734,749
Amounts comprise:		
– Construction costs including depreciation and staff cost capitalised	339,609	318,756
– Land costs	431,165	398,795
– Borrowings costs capitalised	18,370	17,198
	789,144	734,749

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

At 30 June 2019, properties under development included the costs to fulfil those contracts, revenue of which was recognised over time amounting to RMB15,574 million (31 December 2018: RMB16,589 million).

At 30 June 2019, properties under development amounting to RMB480,692 million (31 December 2018: RMB517,817 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 2019 was 6.42% per annum (six months ended 30 June 2018: 6.21% 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	
	2019	2018
	RMB million	RMB million
At 1 January	27,891	19,346
Transfer from subsidiaries	2,736	778
Other additions	1,671	7,048
Transfer to subsidiaries	(1,324)	(112)
Disposals	(127)	(39)
Share of results	1,313	(279)
– Gains arising from negative goodwill	50	51
– Others	1,263	(330)
At 30 June	32,160	26,742

The balance comprises the following:

	30 June	31 December
	2019	2018
	RMB million	RMB million
Unlisted investments		
– Share of net assets	31,745	27,553
– Goodwill	415	338
	32,160	27,891

Additions during the period mainly included the acquisitions of shares in a number of property development companies, the investments in a number of newly established property development companies together with certain third parties, and the investment in certain property development companies over which the Group lost control as a result of partial disposals of the Group's interests in these companies. 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, which is mainly attributable to economies of scale expected from the acquisitions.

As at 30 June 2019, 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 RMB3,809 million (31 December 2018: RMB3,391 million).

NOTES TO THE INTERIM FINANCIAL INFORMATION

11 Investments in associates

	Six months ended 30 June	
	2019	2018
	RMB million	RMB million
At 1 January	18,768	11,585
Transfer from subsidiaries	34	286
Other additions	247	5,332
Transfer to subsidiaries	(302)	(965)
Disposals	(26)	(102)
Share of results	1,004	69
— Gains arising from negative goodwill	—	153
— Others	1,004	(84)
At 30 June	19,725	16,205

None of the acquisition was individually significant to the Group.

As at 30 June 2019, certain borrowings of the Company and associates were guaranteed by the Group and/or secured by the Group's certain interests in associates with an aggregate carrying value of RMB4,521 million (31 December 2018: RMB3,640 million).

12 Trade and other receivables

	30 June	31 December
	2019	2018
	RMB million	RMB million
Included in current assets		
— Trade receivables — net (note (a))	42,399	40,597
— Other receivables — net (note (b))	286,441	251,182
— Loans to related and third parties — net	14	687
— Prepayments for land (note (c))	111,436	109,670
— Other prepayments	44,772	24,261
	485,062	426,397
Included in non-current assets		
— Deposits for acquisitions of companies	26,778	10,962
	511,840	437,359

NOTES TO THE INTERIM FINANCIAL INFORMATION

12 Trade and other receivables *(Continued)*

(a) Details of trade receivables are as follows:

	30 June 2019 RMB million	31 December 2018 RMB million
Trade receivables	42,551	40,724
Less: allowance for impairment	(152)	(127)
Trade receivables — net	42,399	40,597

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 2019 RMB million	31 December 2018 RMB million
Within 90 days	38,113	37,275
Over 90 days and within 180 days	2,390	1,593
Over 180 days and within 365 days	1,326	1,149
Over 365 days	722	707
	42,551	40,724

As at 30 June 2019 and 31 December 2018, trade receivables were mainly denominated in RMB.

There is no concentration of credit risk with respect to trade receivables as the Group has a large number of buyers. Trade receivables were collateralised by the titles of the properties sold.

NOTES TO THE INTERIM FINANCIAL INFORMATION

12 Trade and other receivables (Continued)

(b) Details of other receivables are as follows:

	30 June 2019 RMB million	31 December 2018 RMB million
Amounts due from joint ventures, associates and other related parties	111,997	83,387
Land auction and other deposits	38,900	61,705
Others(*)	138,403	107,995
	289,300	253,087
Less: allowance for impairment	(2,859)	(1,905)
Other receivables — net	286,441	251,182

* 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 repayable according to contract terms.

(c) Prepayments for land are related to prepaid land acquisition costs while relevant land use right certificates have not been obtained as at 30 June 2019.

13 Contract assets and contract acquisition costs

Details of contract assets and contract acquisition costs are as follows:

	30 June 2019 RMB million	31 December 2018 RMB million
Contract assets related to sales of properties	9,823	7,277
Contract assets related to construction services	3,670	2,960
Contract acquisition costs	7,057	6,857
Total contract assets and contract acquisition costs	20,550	17,094

NOTES TO THE INTERIM FINANCIAL INFORMATION

14 Cash and cash equivalents

	30 June 2019 RMB million	31 December 2018 RMB million
Cash at banks and on hand	222,618	241,599
Short-term deposits (note (a))	218	944
	222,836	242,543
Less: restricted cash (note (b))	(14,514)	(14,200)
	208,322	228,343

- (a) The short-term deposits are denominated in RMB and have terms ranging within 3 months (31 December 2018: within 3 months). The effective interest rate of these deposits as at 30 June 2019 was 0.99% per annum (31 December 2018: 1.22% per annum).
- (b) 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. Unused guarantee deposits will be released after the completion of construction of the related properties.
- (c) Cash and deposits are denominated in the following currencies:

	30 June 2019 RMB million	31 December 2018 RMB million
RMB	207,208	232,044
HKD	2,760	902
USD	3,618	3,575
Ringgit Malaysia	8,688	4,518
Other currencies	562	1,504
	222,836	242,543

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 2019 RMB million	31 December 2018 RMB million
PRC listed equity security (note (a))	338	259
Wealth management products (note (b))	14,704	11,760
	15,042	12,019

- (a) This represented a 2.29% (31 December 2018: 2.29%) equity interest in a company listed on the National Equities Exchange and Quotations in the PRC. The fair value of the investment at 30 June 2019 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 2019 and 31 December 2018.

16 Trade and other payables

	30 June 2019 RMB million	31 December 2018 RMB million
Trade payables (note (a))	272,051	255,053
Other payables (note (b))	224,183	192,339
Other taxes payable	50,763	41,034
Salaries payable	6,888	9,800
Accrued expenses	513	595
	554,398	498,821

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

	30 June 2019 RMB million	31 December 2018 RMB million
Within 90 days	226,915	211,512
Over 90 days and within 180 days	35,886	34,648
Over 180 days and within 365 days	6,008	5,698
Over 365 days	3,242	3,195
	272,051	255,053

- (b) Other payables mainly included deposits from property buyers and current accounts due to certain joint ventures, associates and other shareholders of certain subsidiaries, joint ventures and associates of the Group and outstanding considerations to acquire certain subsidiaries, joint ventures and associates. These amounts are interest-free, unsecured and repayable according to contract terms.

NOTES TO THE INTERIM FINANCIAL INFORMATION

17 Senior notes

	Six months ended 30 June	
	2019	2018
	RMB million	RMB million
As at 1 January	41,716	31,913
Additions (note (a))	16,765	6,451
Repayment on maturity (note (a))	(1,723)	–
Early redemption	–	(4,757)
Interest expenses	1,723	1,280
Coupon interest paid	(1,396)	(1,138)
Currency translation differences	380	11
	57,465	33,760
Less: current portion included in current liabilities	(7,038)	(5,349)
Included in non-current liabilities	50,427	28,411

(a) During the period ended 30 June 2019, the Group has newly issued and repaid senior notes as follows:

Name of notes	Par value USD million	Interest rate	Issue date	Term of the notes
Issued during the period:				
2022 Notes III	550	7.125%	25 January 2019	3 years
2024 Notes — tranche II(*)	450	8.000%	25 January 2019	5 years
2024 Notes II	550	6.500%	8 April 2019	5 years
2026 Notes II	950	7.250%	8 April 2019	7 years
Repaid during the period on maturity:				
2019 Notes II	250	7.500%	5 June 2014	5 years

* 2024 Notes — tranche II was consolidated and form a single series with the 2024 Notes.

(b) All senior notes are listed on the Singapore Exchange Securities Trading Limited.

All senior notes contain various early redemption options and put option.

Early redemption options exercisable by the Group are regarded as embedded derivatives not closely related to the host contract. The directors of the Company consider that the fair value of the above early redemption options was insignificant on initial recognition and at 30 June 2019 and 31 December 2018.

Except for the above early redemption options, the holders of the 2026 Notes have a put option to request the Company to repurchase the 2026 Notes on 15 December 2021 at the price equal to 100% of the principle amounts of the 2026 Notes. The directors of the Company consider that the fair value of this put option was insignificant on initial recognition and at 30 June 2019 and 31 December 2018.

NOTES TO THE INTERIM FINANCIAL INFORMATION

18 Corporate bonds

	Six months ended 30 June	
	2019	2018
	RMB million	RMB million
As at 1 January	41,908	47,334
Acquisitions of subsidiaries	–	3,475
Other additions (note (a))	4,374	324
Repayment upon maturity	(100)	(3,800)
Interest expenses	1,358	1,304
Coupon interest paid	(210)	(765)
Currency translation differences	6	–
	47,336	47,872
Less: current portion included in current liabilities	(28,098)	(17,726)
Included in non-current liabilities	19,238	30,146

- (a) During the period ended 30 June 2019, corporate bonds newly issued by the Group were listed as follows:

Name of bond	Par value RMB million	Interest rate	Issue date	Term of the bond
RMB Private Corporate bonds of Guangdong Giant Leap Construction Co., Ltd. issued in 2019 — tranche I	2,900	5.93%	26 April 2019	2 years
RMB Private House Leasing bonds of Country Garden Property Co., Ltd. ("Country Garden Property") issued in 2019 — tranche I	567	5.95%	1 April 2019	4 years
RMB Corporate bonds of Country Garden Property issued in 2019 — tranche I	590	5.03%	2 April 2019	5 years
RM Private Corporate bonds of Country Garden Real Estate Sdn. Bhd. ("Malaysia Country Garden") issued in 2019 — tranche III	213	6.40%	18 March 2019	3 years
RM Private Corporate bonds of Malaysia Country Garden issued in 2019 — tranche IV	116	6.40%	8 May 2019	3 years

- (b) 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 of the Company consider that the fair values of the above coupon rate adjustment options and put option were insignificant on initial recognition and at 30 June 2019 and 31 December 2018.

NOTES TO THE INTERIM FINANCIAL INFORMATION

19 Convertible bonds

	Six months ended 30 June	
	2019	2018
	RMB million	RMB million
Liability component as at 1 January	13,168	–
Additions	–	12,171
Repayment upon maturity (note (a))	(7,869)	–
Interest expenses	112	243
Coupon interest paid	(59)	–
Currency translation differences	(129)	500
Liability component at 30 June	5,223	12,914
Less: current portion included in current liabilities	(21)	(12,914)
Included in non-current liabilities	5,202	–

- (a) On 16 January 2018, the Group entered into a subscription agreement for HKD-settled convertible bonds in an aggregate principal amount of HKD15,600 million due 27 January 2019 (the “2019 Convertible Bonds”). As at 30 June 2019, the Group has redeemed all 2019 Convertible Bonds upon maturity.
- (b) The convertible bonds were guaranteed by the Company and certain subsidiaries of the Group and secured by the equity interests in certain subsidiaries of the Group.

As at 30 June 2019, there has been no conversion of the remaining HKD-settled convertible bonds in an aggregate principal amount of HKD7,830 million due 5 December 2023.

NOTES TO THE INTERIM FINANCIAL INFORMATION

20 Bank and other borrowings

	30 June 2019 RMB million	31 December 2018 RMB million
Included in non-current liabilities:		
— Secured	107,354	108,300
— Unsecured	90,816	89,779
Less: current portion of non-current liabilities	(55,065)	(58,240)
	143,105	139,839
Included in current liabilities:		
— Secured	2,734	10,775
— Unsecured	20,961	22,829
Current portion of non-current liabilities	55,065	58,240
	78,760	91,844
Total bank and other borrowings	221,865	231,683

The Group's borrowings as at 30 June 2019 of RMB110,088 million (31 December 2018: RMB119,075 million) were secured by certain properties, right-of-use assets and equipment of the Group with total carrying values of RMB77,452 million (31 December 2018: RMB80,098 million) and/or secured by the Group's equity investment interests.

The weighted average effective interest rates is 6.54% per annum for the six months ended 30 June 2019 (six months ended 30 June 2018: 6.26% 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 2019 RMB million	31 December 2018 RMB million
RMB	174,370	190,139
HKD	13,506	10,121
USD	25,663	23,114
RM	2,435	2,539
Other	5,891	5,770
	221,865	231,683

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	Total RMB million	Treasury shares RMB million	Group Total RMB million
Authorised							
At 1 January 2018, 30 June 2018, 1 January 2019 and 30 June 2019, HKD0.10 per share	100,000	10,000					
Issued and fully paid							
At 1 January 2018	21,280	2,128	2,003	22,838	24,841	(380)	24,461
Issue of shares	463	46	37	6,302	6,339	-	6,339
– Issue of shares as a result of placing	460	46	37	6,293	6,330	-	6,330
– Issue of shares pursuant to share option scheme	3	-	-	9	9	-	9
Buy-back of shares	-	-	-	-	-	(616)	(616)
Cancellation of shares	(2)	-	-	(25)	(25)	25	-
At 30 June 2018	21,741	2,174	2,040	29,115	31,155	(971)	30,184
At 1 January 2019	21,646	2,164	2,032	28,201	30,233	(2,352)	27,881
Issue of shares pursuant to share option scheme	14	2	1	143	144	-	144
At 30 June 2019	21,660	2,166	2,033	28,344	30,377	(2,352)	28,025

NOTES TO THE INTERIM FINANCIAL INFORMATION

22 Other reserves and retained earnings

	Other reserves											
	Merger reserve	Statutory reserve	Share option reserve	Financial assets	Translation reserve	Revaluation reserve	Cash flow hedge reserve	Deferred costs of hedging reserve	Others	Total other reserves	Retained earnings	Total
				at fair value through other comprehensive income 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 2019	(150)	7,257	717	110	(563)	869	21	(644)	630	8,247	85,202	93,449
Profit for the period	-	-	-	-	-	-	-	-	-	-	15,635	15,635
Transfer to statutory reserves	-	32	-	-	-	-	-	-	-	32	(32)	-
2018 final dividend (note 27)	-	-	-	-	-	-	-	-	-	-	(6,563)	(6,563)
Employee share schemes												
— value of employee services	-	-	179	-	-	-	-	-	-	179	-	179
— Issue of shares pursuant to share option scheme	-	-	(9)	-	-	-	-	-	-	(9)	-	(9)
Change in fair value of financial assets at fair value through other comprehensive income	-	-	-	72	-	-	-	-	-	72	-	72
Disposal of fair value of financial assets at fair value through other comprehensive income	-	-	-	(33)	-	-	-	-	-	(33)	33	-
Effect of redemption of convertible bond upon maturity	-	-	-	-	-	-	-	-	(220)	(220)	220	-
Changes in ownership interests in subsidiaries without change of control	-	-	-	-	-	-	-	-	(45)	(45)	-	(45)
Disposal of subsidiaries	-	(59)	-	-	-	-	-	-	-	(59)	59	-
Currency translation differences	-	-	-	-	(345)	-	-	-	-	(345)	-	(345)
Deferred losses on cash flow hedges	-	-	-	-	-	-	(65)	-	-	(65)	-	(65)
Deferred gains of hedging	-	-	-	-	-	-	-	527	-	527	-	527
Balance at 30 June 2019	(150)	7,230	887	149	(908)	869	(44)	(117)	365	8,281	94,554	102,835
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 dividend	-	-	-	-	-	-	-	-	-	-	(5,424)	(5,424)
Distribution in specie	-	(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	-	-	-	(14)	-	-	-	-	-	(14)	-	(14)
Equity component of convertible bonds	-	-	-	-	-	-	-	-	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	-	-	-	-	-	-	2	-	-	2	-	2
Deferred costs of hedging	-	-	-	-	-	-	-	(169)	-	(169)	-	(169)
Balance at 30 June 2018	(150)	5,367	626	(11)	(765)	869	(12)	286	(825)	5,385	69,375	74,760

NOTES TO THE INTERIM FINANCIAL INFORMATION

23 Other income and gains – net

	Six months ended 30 June	
	2019 RMB million	2018 RMB million
Other income		
– Management and consulting service income	718	269
– Forfeiture of advances received from property buyers	39	37
– Government subsidy income	32	27
	789	333
Other gains		
– Gains arising from negative goodwill (note 31)	87	847
– Gains on disposals of subsidiaries (note 30)	415	206
– Gains on disposals of joint ventures and associates	32	–
– Gains on disposals of property, plant and equipment	39	55
– Changes in fair value of derivative financial instruments	127	36
– Others	167	281
	867	1,425
Total other income and gains – net	1,656	1,758

24 Expenses by nature

	Six months ended 30 June	
	2019 RMB million	2018 RMB million
Costs of properties sold	145,624	94,720
Advertising and promotion costs	2,480	1,358
Other taxes and levies	1,545	1,227
Contract acquisition costs	1,814	973
Employee benefit expenses	9,802	5,827
Property management and other services expenses	531	20
Donations (note (a))	601	501
Depreciation of property, plant and equipment	461	460
Amortisation of intangible assets	37	23
Amortisation of land use rights	–	35
Depreciation of right-of-use assets	67	–
Others	3,477	1,679
Total cost of sales, selling and marketing costs, administrative expenses and research and development expenses	166,439	106,823

- (a) During the period, 17 million (six months ended 30 June 2018: RMB55 million) of the Group's donations were made through Guoqiang Public Welfare Foundation of Guangdong Province. Certain directors of the Company are also directors of the foundation.

NOTES TO THE INTERIM FINANCIAL INFORMATION

25 Finance income – net

	Six months ended 30 June	
	2019 RMB million	2018 RMB million
Finance income:		
– Interest income on bank deposits and others	1,506	777
Finance costs:		
– Interest expenses		
– Bank and other borrowings	(7,809)	(5,894)
– Senior notes (note 17)	(1,723)	(1,280)
– Corporate bonds (note 18)	(1,358)	(1,304)
– Convertible bonds (note 19)	(112)	(243)
– Lease liabilities	(11)	–
– Receipts under securitisation arrangements	(17)	(131)
	(11,030)	(8,852)
Less: amounts capitalised on qualifying assets	11,030	8,852
	–	–
– Net foreign exchange losses on financing activities	(601)	(411)
– Loss on early redemption of senior notes	–	(185)
	(601)	(596)
Finance income – net	905	181

NOTES TO THE INTERIM FINANCIAL INFORMATION

26 Income tax expenses

	Six months ended 30 June	
	2019	2018
	RMB million	RMB million
Current income tax		
– Corporate income tax	11,310	5,185
– Land appreciation tax (note (c))	8,342	4,894
	19,652	10,079
Deferred income tax		
– Corporate income tax	(3,615)	385
– Land appreciation tax (note (c))	161	(126)
– Withholding income tax on profit to be distributed in future (note (d))	233	200
	(3,221)	459
	16,431	10,538

- (a) Hong Kong profits tax has been provided at the rate of 16.5% (2018:16.5%) 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 and all property development expenditures.
- (d) Withholding income tax is provided on the dividends to be distributed by the Mainland China subsidiaries of the Group. 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.

27 Dividend

On 22 August 2019, the Board declared an interim dividend of RMB22.87 cents per share for the six months ended 30 June 2019, totalling RMB4,953 million (2018 interim dividend: RMB18.52 cents per share, totalling RMB4,017 million) with the eligible shareholders being given an option to elect to receive such interim dividend all in new shares of the Company or partly in new shares of the Company and partly in cash or all in cash. This interim dividend has not been recognised as liabilities in this interim financial information.

The final dividend in respect of 2018 of RMB30.32 cents (equivalent to HKD 34.49 cents) per share, totalling RMB6,563 million approved at the annual general meeting of the Company on 16 May 2019 has been paid in cash in July 2019.

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	
	2019	2018
Profit attributable to owners of the Company (RMB million)	15,635	12,939
Weighted average number of ordinary shares in issue (million)	21,361	21,555
Earnings per share — Basic (RMB yuan per share)	0.73	0.60

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company had four categories of dilutive potential ordinary shares: share options, awarded shares, written call options and convertible bonds. For the share options, awarded shares and written call options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options, awarded shares and written call options. The convertible bonds are assumed to have been converted into ordinary shares. Interest savings on convertible bonds are adjusted to the extent of the amount charged to the profit attributable to owners of the Company. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options, awarded shares and written call options and conversion of convertible bonds. Written call options were excluded from the computation of diluted earnings per share as they are anti-dilutive for six months ended 30 June 2019.

	Six months ended 30 June	
	2019	2018
Profit attributable to owners of the Company (RMB million)	15,635	12,939
Weighted average number of ordinary shares in issue (million)	21,361	21,555
Adjustments — share options, awarded shares and convertible bonds (million)	689	829
Weighted average number of ordinary shares for diluted earnings per share (million)	22,050	22,384
Earnings per share — Diluted (RMB yuan per share)	0.71	0.58

NOTES TO THE INTERIM FINANCIAL INFORMATION

29 Guarantees

	30 June 2019 RMB million	31 December 2018 RMB million
Guarantees in respect of mortgage facilities for certain property buyers (note (a))	389,376	319,239
Guarantees to joint ventures and associates and certain third parties in respect of borrowings (note (b))	70,922	58,090
	460,298	377,329

- (a) These represented the guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain buyers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these buyers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted buyers 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 buyers take possession of the relevant properties; and (ii) the satisfaction of mortgaged loans by the property buyers.

The directors of the Company 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 this interim financial information 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 Disposals of subsidiaries

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

	RMB million
Disposal considerations	
– Cash received	1,036
– Outstanding and included in other receivables	2,290
– Fair value of investments in joint ventures and associates held after disposals	2,770
	6,096
Less:	
– Total net assets of subsidiaries disposed of	(11,840)
– Non-controlling interests disposed of	6,159
Gains on disposals	415
Cash proceeds from disposals, net of cash disposed of	
– Cash consideration received	1,036
– Less: cash and cash equivalents in the subsidiaries disposed of	(6,643)
Net cash outflow on disposals	(5,607)

NOTES TO THE INTERIM FINANCIAL INFORMATION

31 Business combinations

Business combinations during the period mainly included the acquisitions of interest in property development companies and acquisitions of additional interests in then joint ventures and associates which were further recognised as the Group's subsidiaries. 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 consideration	
– Cash paid	3,053
– Fair value of investments in joint ventures and associates held before business combinations	1,751
	4,804
Total recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	2,613
Restricted cash	1,381
Property, plant and equipment	73
Intangible assets	8
Properties under development and completed properties held for sale	49,507
Prepaid income tax	2,469
Contract assets	392
Trade and other receivables	9,984
Deferred income tax assets	8
Bank and other borrowings	(4,154)
Trade and other payables	(18,339)
Contract liabilities	(34,897)
Current income tax liabilities	(2,683)
Deferred income tax liabilities	(540)
Total identifiable net assets	5,822
Non-controlling interests	(931)
Negative goodwill	(87)
	4,804
Outflow of cash to acquire business, net of cash acquired	
– cash considerations paid	(3,053)
– cash and cash equivalents in the subsidiaries acquired	2,613
Net cash outflow on acquisitions	(440)

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 acquired businesses contributed total revenues of RMB10,403 million and net profit of RMB1,996 million to the Group for the period from their respective acquisition dates to 30 June 2019. Had these companies been consolidated from 1 January 2019, the interim condensed consolidated income statement for the six months ended 30 June 2019 would show pro-forma revenue of RMB202,013 million and profit for the period of RMB22,232 million.

NOTES TO THE INTERIM FINANCIAL INFORMATION

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	
	2019 RMB million	2018 RMB million
(i) Entities controlled by certain shareholder, certain directors and/or their close family members:		
Purchase of design service	2,225	2,905
Construction service income	6	78
Purchase of property management services, consultancy and other services	531	20
Other transactions	37	25
	2,799	3,028
(ii) Joint ventures:		
Providing guarantee in respect of borrowings	44,057	25,142
Construction service income	1,579	1,494
Other transactions	313	171
	45,949	26,807
(iii) Associates:		
Providing guarantee in respect of borrowings	26,740	22,262
Construction service income	1,459	1,049
Other transactions	320	110
	28,519	23,421

The prices for the above 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 of the Company.

	Six months ended 30 June	
	2019	2018
	RMB million	RMB million
Salaries, bonus, share-based compensation expenses and other employee benefits	263	260

(d) Balances with related parties

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

	30 June	31 December
	2019	2018
	RMB million	RMB million
(i) Entities controlled by certain shareholder, certain directors and/or their close family members		
Trade and other receivables	3,612	2,435
Contract assets and contract acquisition costs	53	48
Trade and other payables	4,740	3,248
(ii) Joint ventures:		
Trade and other receivables	81,349	51,446
Contract assets and contract acquisition costs	1,376	910
Trade and other payables	49,088	34,903
(iii) Associates:		
Trade and other receivables	33,275	33,446
Contract assets and contract acquisition costs	1,133	895
Trade and other payables	34,101	27,388

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 (*Co-Chairman*)
 Mr. MO Bin (*President*)
 Ms. YANG Ziyang
 Mr. YANG Zhicheng
 Mr. SONG Jun
 Mr. LIANG Guokun
 Mr. SU Baiyuan

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. TO Yau Kwok (appointed on 1 June 2019)
 Mr. YEUNG Kwok On (resigned on 1 June 2019)

CHIEF FINANCIAL OFFICER

Ms. WU Bijun

JOINT COMPANY SECRETARIES

Mr. LEUNG Chong Shun
 Mr. LUO Jie (appointed on 18 March 2019)

AUTHORIZED REPRESENTATIVES

Ms. YANG Huiyan
 Mr. MO Bin
 Mr. MA Ziling (*alternate to Ms. YANG Huiyan*)
 (appointed on 2 January 2019)
 Mr. LUO Jie (*alternate to Mr. MO Bin*)
 Ms. ZUO Ying (*alternate to Ms. YANG Huiyan*)
 (resigned on 2 January 2019)

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
 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

SMP Partners (Cayman) Limited
3rd Floor, Royal Bank House
24 Shedden Road, P.O. Box 1586
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS (In Alphabetical Order)

Agricultural Bank of China Limited
Bank of Beijing Co., Ltd.
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.
China Zheshang Bank Co., Ltd.
Chong Hing Bank Limited
CIMB Bank Berhad
CMB Wing Lung Bank Limited
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

AUDITOR

PricewaterhouseCoopers

LEGAL ADVISORS

As to Hong Kong law:

Woo Kwan Lee & Lo
Sidley Austin
lu, Lai & Li
Baker & McKenzie

As to PRC law:

Allbright Law Offices
Chongqing Shariea 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 2019

Announcement of 2019 interim results	22 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	22 November

“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
“2018 AGM”	the annual general meeting of the Company held on Thursday, 17 May 2018
“2019 EGM”	the extraordinary general meeting of the Company held on Thursday, 16 May 2019
“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
“Co-Chairman”	Co-Chairman of the Board
“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, net losses on early redemption of senior notes and convertible bonds 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 Wednesday, 18 September 2019
“Employee Incentive Scheme”	employee incentive scheme of the Group adopted on 20 December 2012
“Executive Committee”	executive committee of the Company

GLOSSARY

“Finance Committee”	finance committee of the Company
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“HKD”	Hong Kong dollar, the lawful currency of Hong Kong
“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
“Macau”	the Macau Special Administrative Region of the PRC
“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)
“SGX”	Singapore Exchange Securities Trading Limited
“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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