



Financial Year 2018: Interim Results Presentation

21 August 2018

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01 PAST AND PRESENT

sales outperforming peers

attributable contracted sales amounted to RMB310.82 bn
up 49.0% YoY

high sell-through rate

attributable sell-through rate reached 74% in 1H2018

wide market coverage

attributable land bank in mainland China
reached 230 million sq.m.

As at 30 June 2018, number of projects acquired in mainland China by the Group totaled 1,991, spanning across 261 cities in 30 provinces/autonomous regions/municipalities and covering a total of 1,051 districts / counties.



Note:

1. There were 12 projects outside mainland China

steadily growing revenue and profit

the Group's revenue in 1H2018 amounted to RMB131.89 billion
representing a YoY growth of 69.7%

significant growth in EPS

basic earnings per share rose by 71.8%

YoY to RMB60.03 cents

strong cash collection

cash collected from sales of properties

amounted to RMB336.02 billion

generated positive net operating cash flow

steady net gearing ratio

59.0% at the end of 1H2018

sufficient cash balance

available cash at the end of 1H2018

amounted to RMB209.91 bn, accounted for 15.0% of total asset

02 REFLECTION AND ACTION

safety and quality improvement with speed control

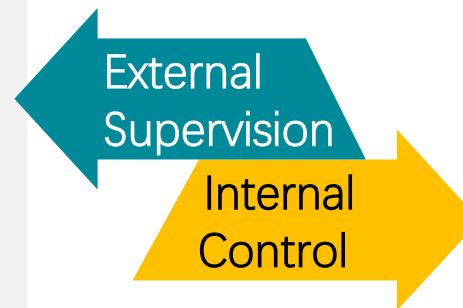
safety first, people-oriented

Prioritize Safety and Quality in Construction Process

Endeavor to Further Improve Safety and Quality Standards

- 1 **More Construction sites to be open for visits**
 - Invite property owners/media to visit construction sites and construction process
- 2 **Pre-inspection by property owners**
 - Conduct inspections from the owner's points of view before delivery to ensure prompt repair of defects and perfect condition of units for delivery

Participation by external party to enhance on-site safety and quality



1 Specific Measures

- Suspend all projects under construction to conduct comprehensive safety and quality check
- Initiate cross check among regions
- Develop rectification measures for specific conditions including extreme weathers

2 Regular Supervision

- Establish production safety committee to identify persons in charge and responsible officers for work safety
- Conduct weekly safety inspection on construction sites
- Reinforce the connection between incentive programs and safety and quality
- Strengthen supervision of business partners, apply stringent standards for selection of contractors, stipulate in the construction contracts that the business partners have to ensure the safety of construction works and the quality of buildings when they fulfil the terms of the construction contracts
- Appointing third-party, independent authorities to supervise construction works to ensure safety and quality
- Apply stringent standards on raw materials

Improve internal safety and quality control

- Safety and quality assessment for Country Garden's projects are conducted by recognized third-party Shenzhen Ridge¹. Statistics from sampling inspection showed that safety and quality of Country Garden's construction is above the average level of the top 10 developers in mainland China.

Note:

1. Shenzhen Ridge Architectural Engineering Consultant Co., Ltd. has offered service to over 170 property developers, including 42 out of top 50 developers in mainland China. Shenzhen Ridge is also the first institution in China to introduce construction quality assessment system CONQUAS from Singapore to the country

further reinforce adoption of SSGF high quality construction system

safety, quality, eco-friendliness

fundamental approach to improve quality

SSGF High Quality Construction System with Technology Innovation and Management Optimization

SSGF¹

- Since 2016, Country Garden has independently researched and developed SSGF high-quality construction system and has applied for 365 patents.
- SSGF features prefabricated assembly technology and casting process, facilitating refined construction with enhanced quality, safety and leak-proof of overall structure.
- Country Garden has adopted SSGF on more than 400 projects. The system will be applied to more projects.

Safer

- Improve on-site safety management standard by applying technologies including smart scaffold system, aluminum formwork and cloud computing inspection platform

Quality

- Apply regular quality management mechanism with leading benchmarks in construction quality. Effectively fix defects brought by traditional construction methods, including leakage, cracking and hollowing, etc.

Eco-friendliness

- Over 90% of plastering could be saved²



SSGF Project Site



Prefabricated Wall Panel

Notes:

1. SSGF: Safe & Share, Sci-tech, Green, Fine & Fast
2. Data from internal estimation

03 INNOVATION AND FUTURE

effective human resources management

over 1,000 certified constructors, 3,200 certified engineers
and 6,000 designers

1,122 PhDs

extensive coverage of Graduate Program

poverty alleviation

working for the common good

21-year dedication to poverty alleviation

Adhere to Poverty Alleviation and Contribute to Society

Precise Poverty Alleviation

Poverty Alleviation

Charity Education

1. Through investment

- Creating a modern agricultural park
- Developing community factories and poverty alleviation workshops

2. Through consumption

- Achieving integration of production and marketing of agricultural products leveraging 20,000 Phoenix Selection supermarkets

3. Through job creating

- Offering 12,000 job positions at Country Garden's industry chain for underprivileged households

4. Through healthcare services

- Establishing funds to promote application of medical resources

Covering about 340,000 people in 14 counties in nine provinces

1. Charity Schools

- GuoHua Memorial Middle School

The only charity high school in China providing free education and boarding for students, with key university admission rate of 98.2%, 547 graduates with master degree and 76 with doctor degree.

- Guangdong Country Garden Polytechnic

The first charity vocational college in the country with employment rate of 100%

2. Education Foundations

- 18 tuition aids have been established, covering 37 tertiary institutions with a total donation of RMB780 million.

Education is the foundation for poverty alleviation

The Group and the founder's family donated a total of RMB4.2 billion for public welfare and charity, of which RMB500 million was made in 1H2018 by the Group

modern agriculture

contributing to revitalization of rural economy

Develop Modern Agriculture and Contribute to Revitalization of Rural Economy

Establish a leading enterprise in modern agriculture with global competitiveness

Business model

R&D

- Engage industry professionals
- Introduce leading agricultural technology
- Engage recognized third parties for assessment

Production

- Pollution-free (water, soil and air) production farms and fields
- In-house production
- Collaboration with co-op and farmers
- Engage recognized third parties for assessment

Distribution

- Through Phoenix Selection, e-commerce and large-scale international retailers
- Serving domestic and international markets

Scope of services

1

Agricultural products processing industry

2

Crop farming

3

Animal husbandry

4

Seed industry

5

Agricultural machinery

6

Agricultural technology services

rental apartment

‘tech-towns’

steady progress

implementation of
city and industry integration

Strong Support to Real Estate Business

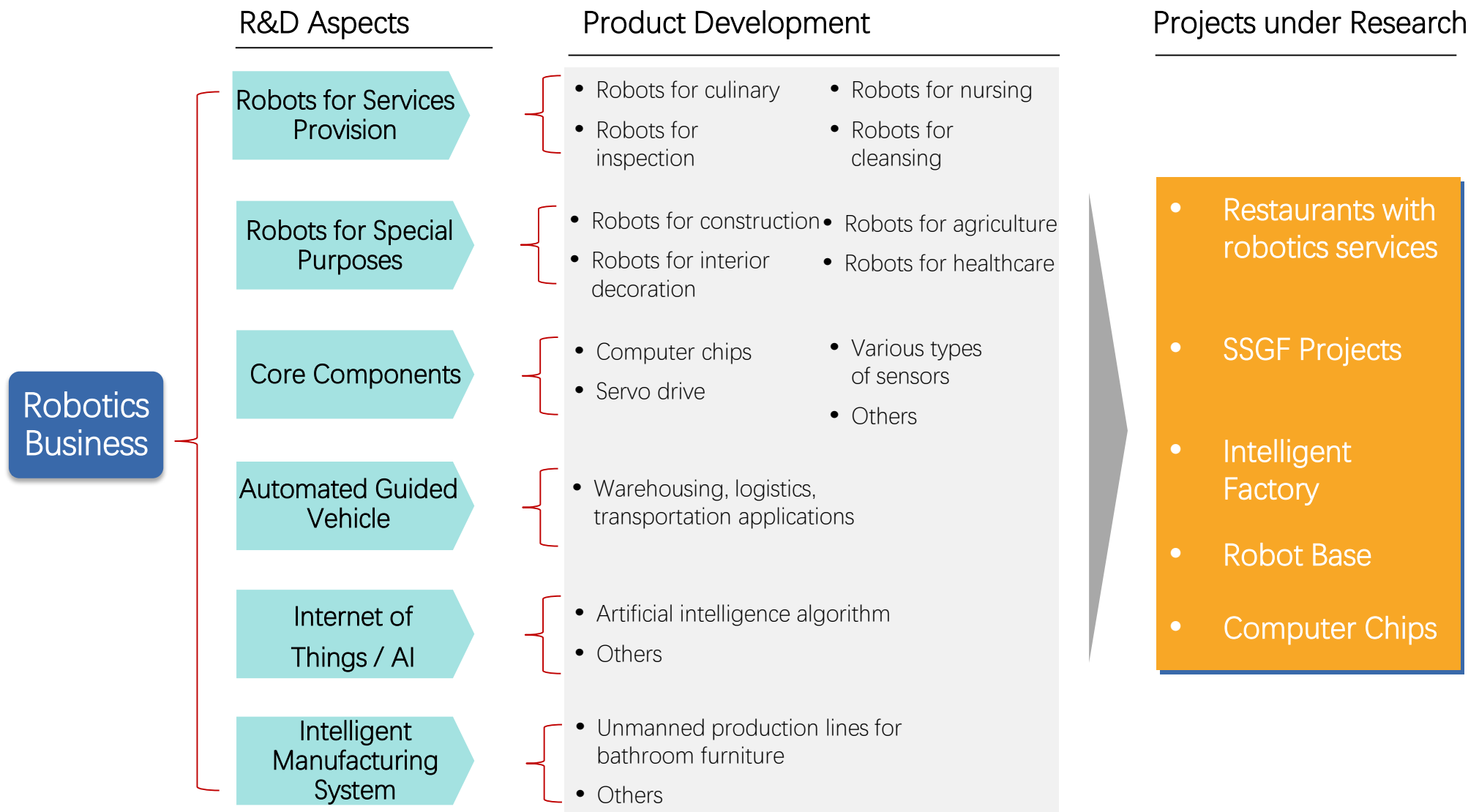
	1 Favorable Policy	2 Business Model	3 Development Status	4 Source of Revenue
<div>Long-term Rental Apartment</div>	<ul style="list-style-type: none"> The 19th Party Congress introduced housing policies including putting equal emphasis on both sales and leasing market Land/financial support: policy incentive in over 20 provinces/municipalities 	<ul style="list-style-type: none"> Asset-light Asset-heavy Ratio of asset-light to asset-heavy projects (in terms of number of rooms): 7:3 	<p>As of 30 June 2018</p> <ul style="list-style-type: none"> The total number of the apartments of long-term property leasing projects secured by the Group was over 24,000 Various financial supports, including the REITs with product scale of RMB10 billion 	<ul style="list-style-type: none"> Continuously rising rents Potential value added from tenants stickiness Synergy with other business: fostering business growth of decoration, furniture and property services Attracts potential homebuyers
<div>'Tech-Towns'</div>	<ul style="list-style-type: none"> Government incentives of featured towns Supported by land/financial policies 	<ul style="list-style-type: none"> Cover various types of products including residential property A platform for industrial development Focus on surrounding area of first-tier cities and key second-tier cities 	<p>As of 30 June 2018</p> <ul style="list-style-type: none"> Projects launched: 24 Projects were mainly located in Yangtze River Delta, Pearl River Delta, Beijing-Tianjin-Hebei region and Hunan-Chongqing-Sichuan region 	<ul style="list-style-type: none"> High quality assets for long-term profits Invest in incubation of quality companies

robotics

achieve synergy with real estate business

Development Plan for Robotics Business

In July 2018, Country Garden carried out the robotics business, deploying high-tech business related to the real-estate industry



spin off of Country Garden Services

ranked first among property management companies
listed in Hong Kong in terms of market cap

unlock the high valuation, thus rewarding investors

04 INTROSPECTION AND OUTLOOK

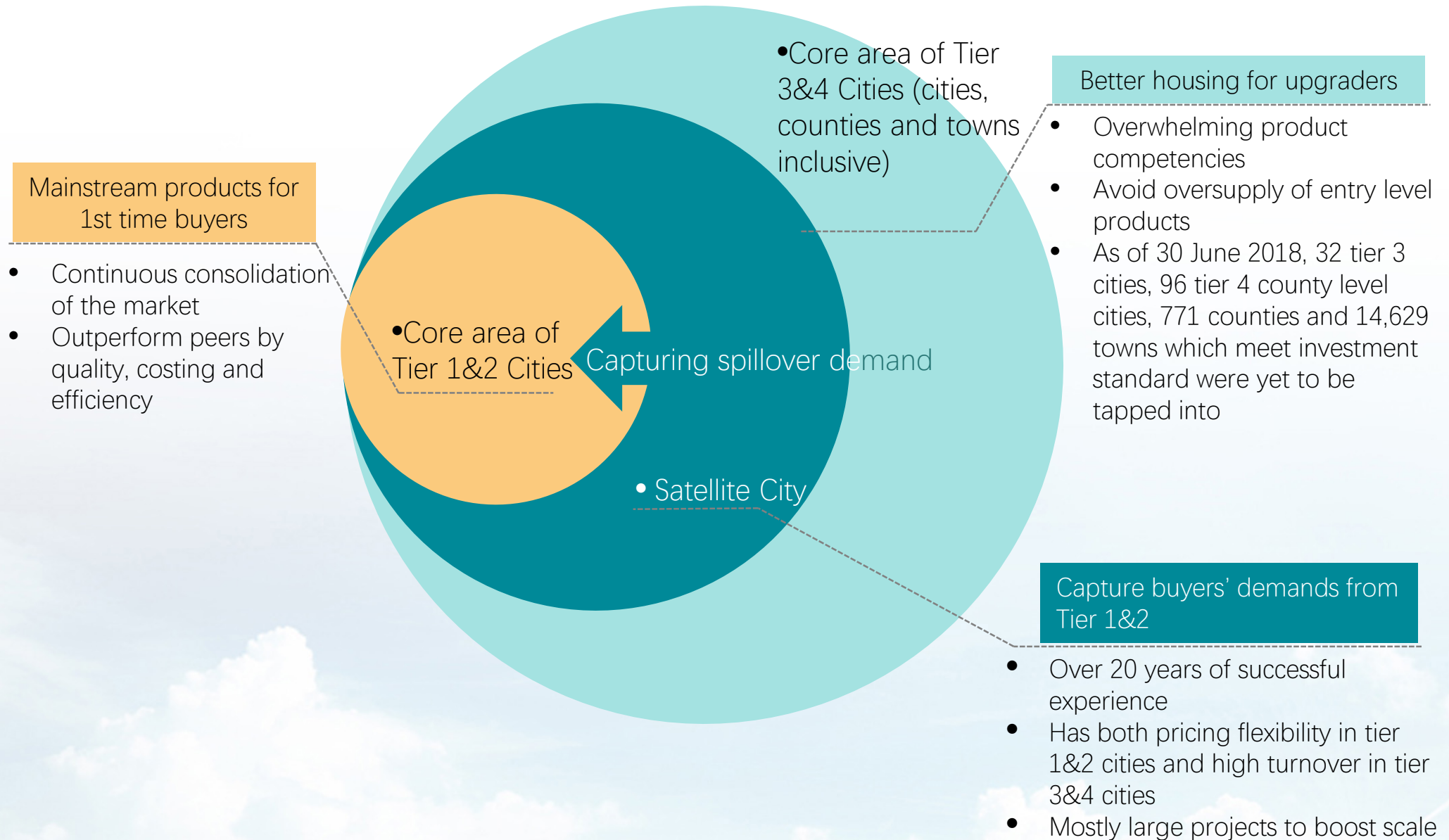
go above and beyond
with prudence

Thank you for your confidence and support
in Country Garden!

Appendix

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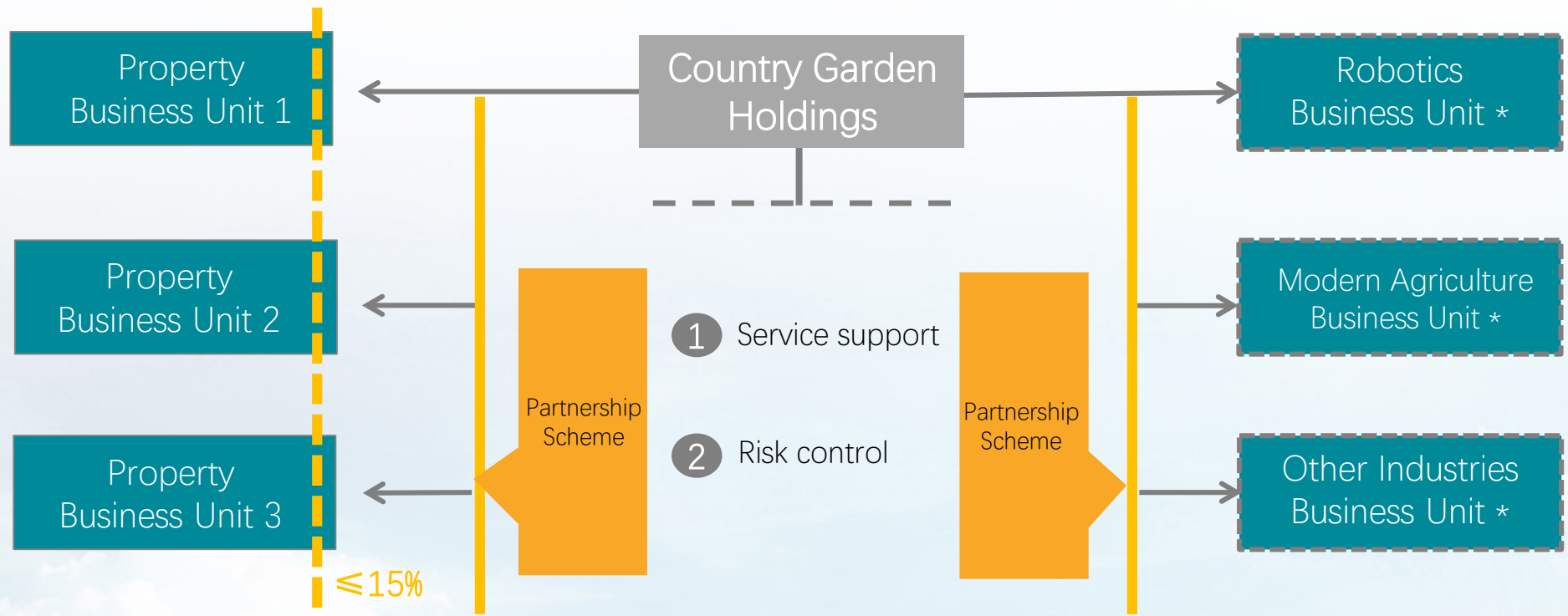
Appendix 1 : Business Model – Focus on Tier 3&4 Cities, Strengthen Tier 1&2 Cities (1/3)



Appendix 1 : Business Model – Partnership Scheme (2/3)

Partnership Scheme

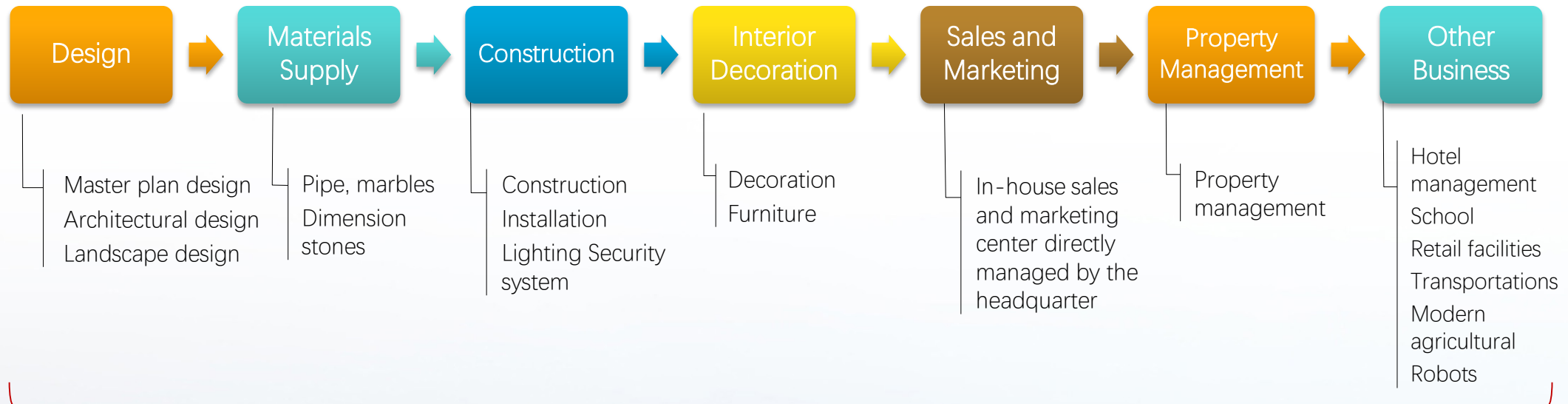
- Under Country Garden “Project Partnership Scheme”, the company’s projects enabled profit and risk sharing
- Since October 2014, all new projects acquired by the Company would adopt the co-investment mechanism (the Group and project management can invest up to 15% of project equity)
- The senior management of the Company who participated in the co-investment scheme will normally invest in the project in the form of minority interest
- Revenue with capital return generated by the project can be used to invest in another project while the profitable projects can dividend out profits



Note:

1. *Some business units are still under planning.

Appendix 1 : Business Model – Integrated Industrial Chain Model (3/3)



Country Garden's subsidiaries or related parties

Vertical Integration



Standardization

Investment analysis and decision-making process are benefited from early participation of each project development stage

Design and planning completed before land acquisition to ensure a swift construction process

Collaboration across the entire value chain to ensure flexible deployment of resources

Strive to provide home-owners with a 5-star home experience through comprehensive ancillary services

Appendix 2 : Results highlights (1/11)

Summary of Results

(RMB Billion) ¹	As at 31 December		As at 30 June		1H2018 YoY growth
	2016	2017	2017	2018	
Total assets	591.6	1,049.7	794.7	1,403.0	77%
Total liabilities	510.0	933.1	700.4	1,260.6	80%
Total debt ²	136.2	214.8	155.8	293.9	89%
Cash and cash equivalents (adjusted) ³	96.5	148.4	120.1	209.9	75%
Net debt	39.7	66.4	35.7	84.0	135%
Total equity	81.6	116.6	94.3	142.4	51%
Equity attributable to owners of the Company	70.1	93.7	78.4	104.9	34%
Number of projects in mainland China ⁴	722	1,456	959	1,991	108%
Weighted average borrowing cost	5.66%	5.22%	5.32%	5.81%	49 b.p.
Net gearing ratio	48.7%	56.9%	37.8%	59.0%	21.2 p.p.
Adjusted liability/asset ratio ⁵	53.7%	55.9%	54.2%	56.4%	2.2 p.p.

(RMB Billion) ¹	For the financial year ended 31 December		For the six months ended 30 June		1H2018 YoY growth
	2016	2017	2017	2018	
Attributable contracted sales	234.8	382.4	208.6	310.8	49%
Revenue	153.1	226.9	77.7	131.9	70%
Gross profit ⁶	32.2	58.8	17.1	35.0	105%
SG&A	12.4	18.3	7.4	10.1	36%
<i>As a percentage of attributable contracted sales (%)</i>	5.3%	4.8%	3.6%	3.3%	-0.3 p.p.
Net profit	13.7	28.8	8.4	16.3	95%
Net profit attributable to owners of the Company	11.5	26.1	7.5	12.9	73%
Core net profit attributable to owners of the Company ⁷	12.0	24.7	7.2	13.0	80%
EPS (RMB cents)	52.17	122.80	34.95	60.03	72%
Dividend per share (RMB cents)	17.12	39.97	10.44 ⁸	18.52 ⁸	77% ⁸

Results Highlights for 1H2018

Sales Results

- ✓ Achieved attributable contracted sales of approximately RMB310.82 billion with contracted GFA of approximately 33.89 million sq.m. in the first six months of 2018, representing a year-on-year increase of 49.0% and 40.8% respectively

Profit level

- ✓ Gross profit⁶ amounted to RMB34.97 billion, up 104.6% YoY; gross profit margin rose to 26.5% from 25.9% in 2017
- ✓ Net profit attributable to owners of the Company amounted to RMB12.94 billion, up 72.5% YoY

Cash Flow Management

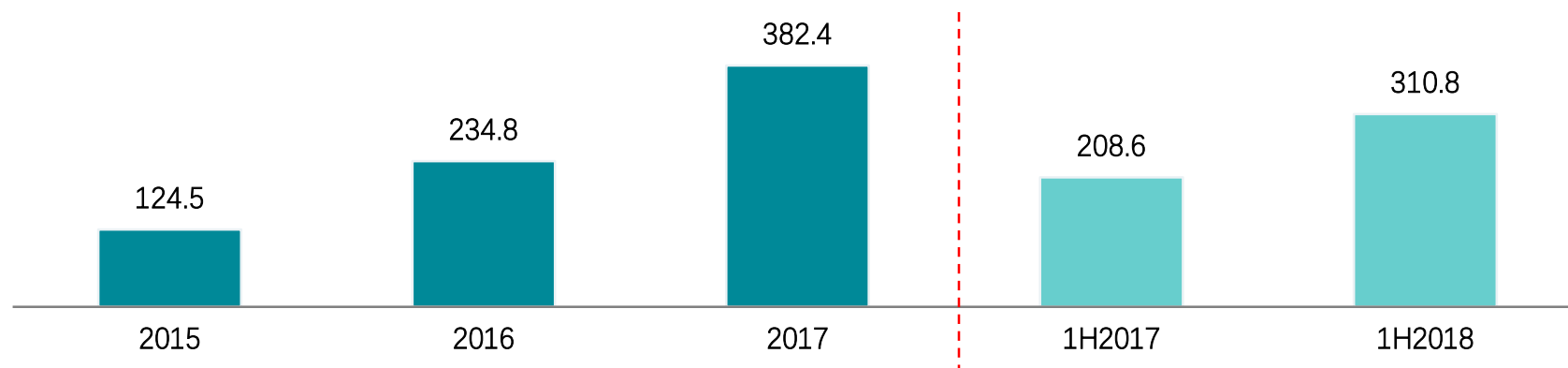
- ✓ Cash generated from property sales in 2018 amounted to RMB336.02 billion, net cash generated from operating activities was about RMB3.17 billion

Notes:

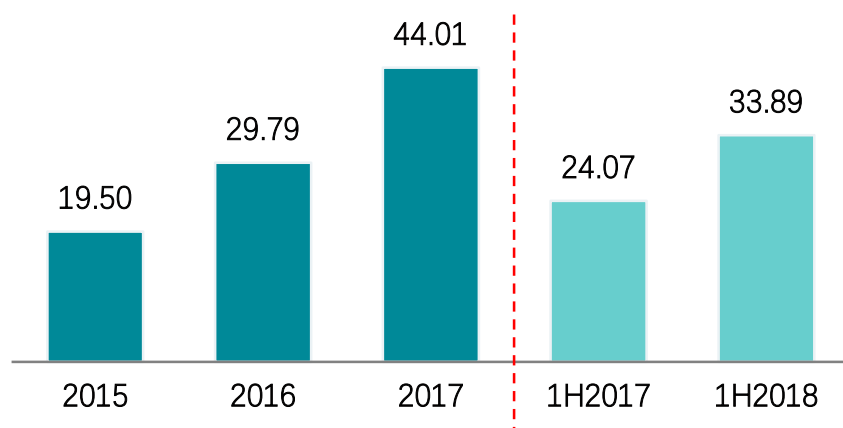
1. Unless stated otherwise
2. Total debt = bank and other borrowings + senior notes + corporate bonds + convertible bonds
3. Adjusted cash and cash equivalents = cash and cash equivalents + guarantee deposits for construction of pre-sale properties
4. Contracted or land permit received in mainland China
5. Adjusted liability/asset ratio = (total liabilities – advanced proceeds received from customers)/total assets. Advanced proceeds received from customers are reclassified to contract liability in 2017.
6. Gross profit or gross margin before LAT
7. It represents profit attributable to owners of the Company excluding the after-tax gains arising from changes in fair value of and transfer to investment properties, net exchange gains/losses on financial activities and the loss on early redemption of senior notes and change in fair value of derivative financial instruments
8. The dividend per share for the six months ended 30 June 2017 for this calculation purpose has excluded the dividend increase resulting from the one-off retained earnings adjustment on 1 January 2017 due to the early adoption of HKFRS 15

Appendix 2 : Results highlights – Attributable Contracted Sales (2/11)

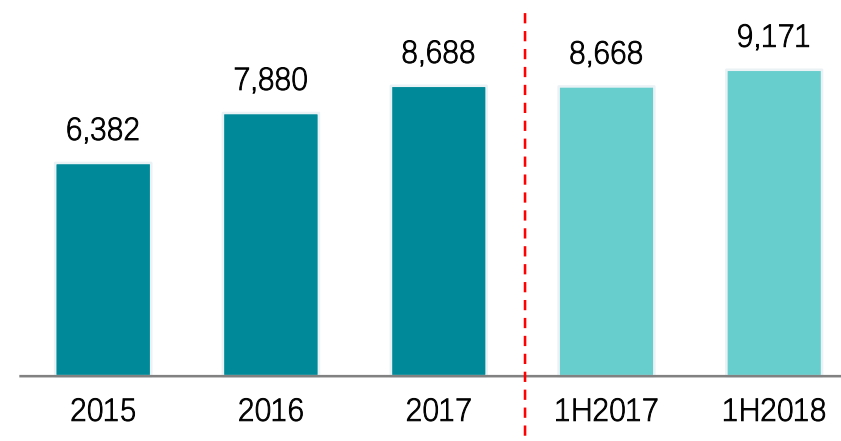
Attributable Contracted Sales (RMB billion)



Attributable Contracted Sales GFA
(mn sq.m.)

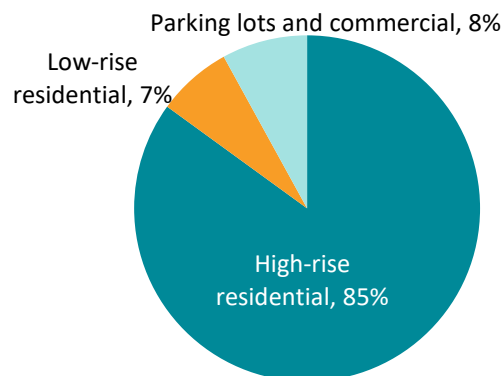


Attributable Contracted Sales ASP
(RMB/sq.m.)

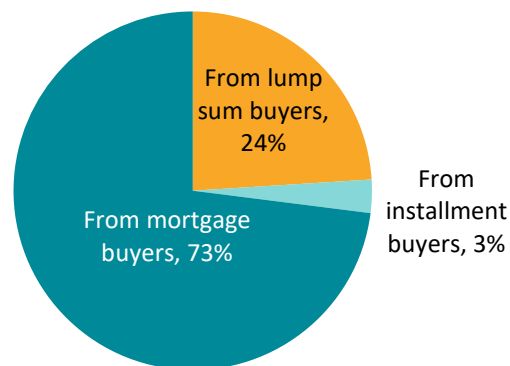


Appendix 2 : Results highlights – Attributable Contracted Sales (3/11)

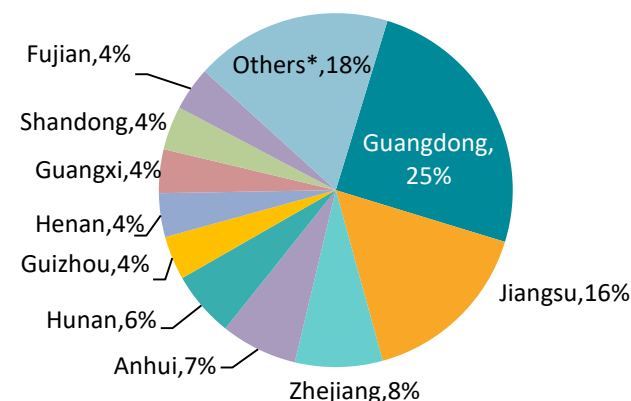
Contracted sales breakdown by type of products (by attri. value)



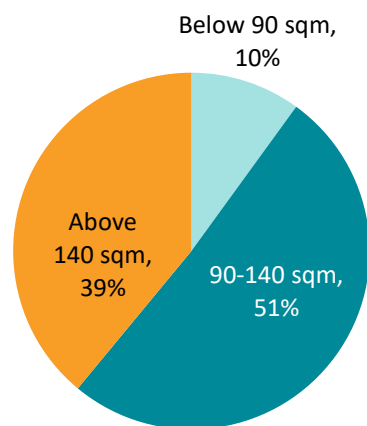
Mainland China contracted sales payment type breakdown (by attri. value)



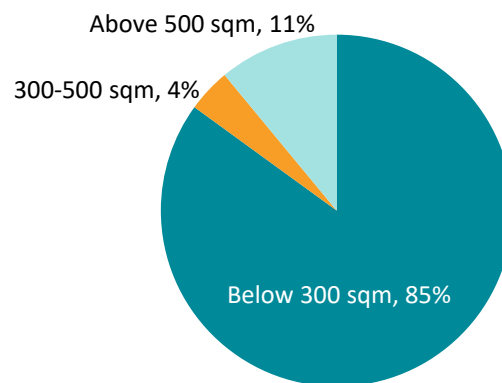
Contracted sales breakdown by province/region (by attri. value)



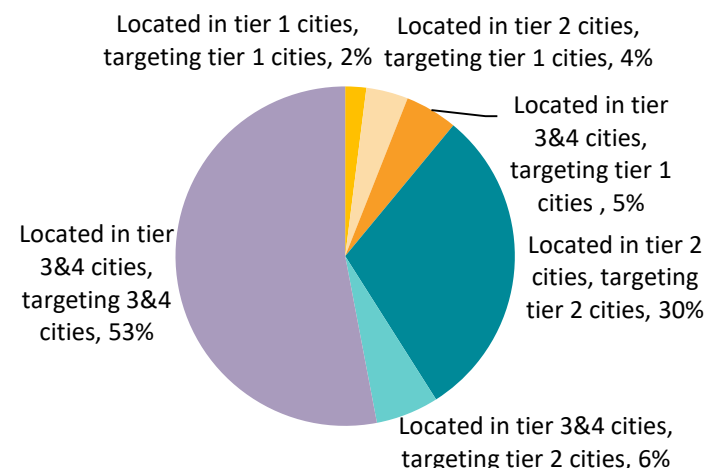
Contracted sales of high-rise residential breakdown by size (by attri. value)



Contracted sales of low-rise residential breakdown by size (by attri. value)



Mainland China contracted sales breakdown by city type (by attri. value)



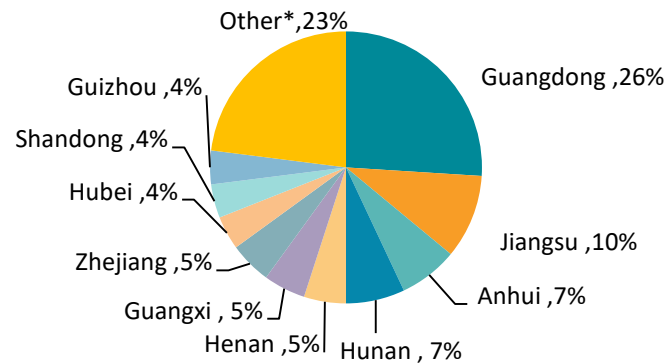
In 1H2018, Mainland China attributable contracted sales breakdown by value: located in tier 1&2 cities - 36%, targeting tier 1&2 cities - 47%

Notes:

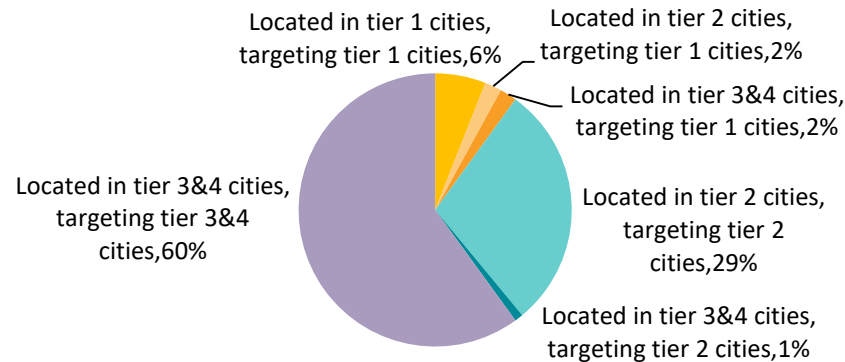
- Others* includes Hubei, Hainan, Shaanxi, Hebei, Jiangxi, Sichuan, Gansu, Liaoning, Chongqing, Shanxi, Malaysia, Shanghai, Yunnan, Tianjin, Qinghai, Beijing, Inner Mongolia, Ningxia, Thailand, Jilin, Heilongjiang, Indonesia, and Australia.

Appendix 2 : Results highlights – Attributable Land Bank (4/11)

Land bank breakdown by province in Mainland China¹
(by attributable GFA)

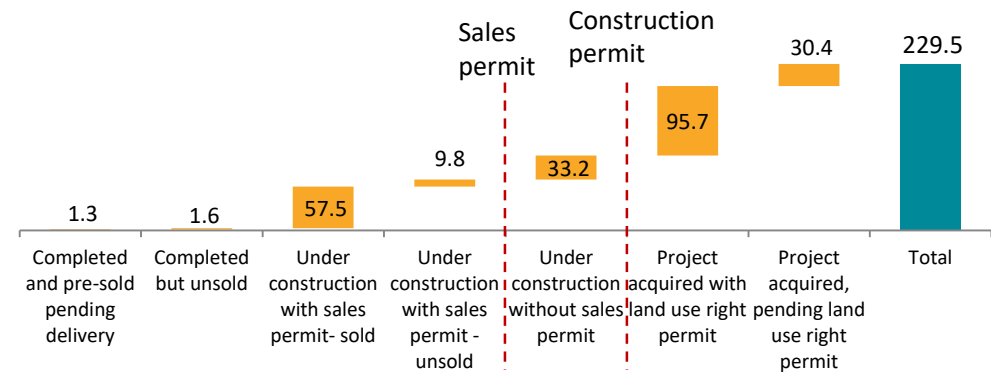


Newly acquired lands breakdown in 1H2018 by city type
(by attributable value)



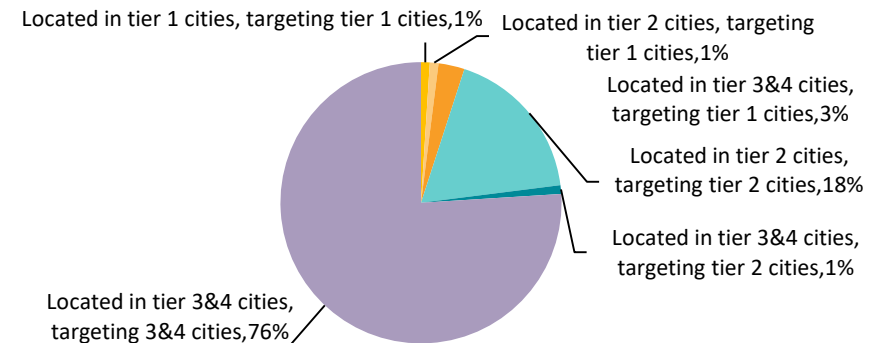
Land acquisition targeting tier 1&2 cities added up to 40% of land cost attributable to owners of the Company

Attributable land bank GFA breakdown by development stage in Mainland China¹ (mn sq.m.)



In addition, attributable potential land bank amounted to 90.1 million sq.m.

Newly acquired lands breakdown in 1H2018 by city type
(by attributable GFA)



Land acquisition targeting tier 1&2 cities added up to 24% of GFA attributable to owners of the Company

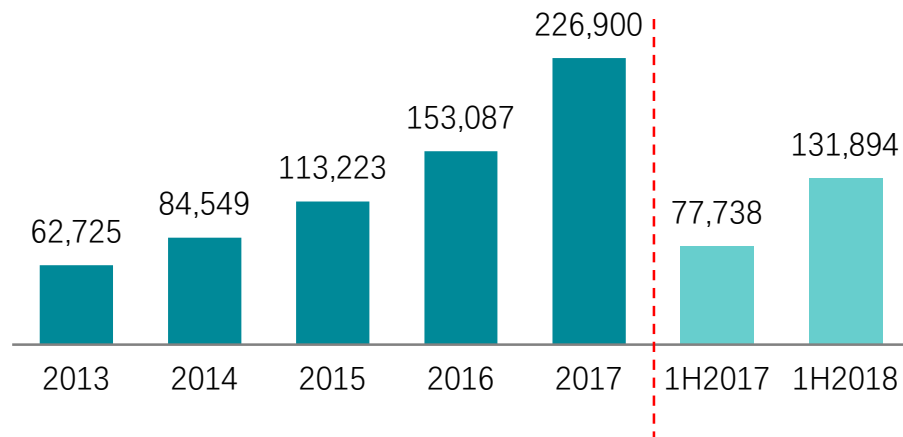
- For 1H2018, the expected attributable GFA of the Company's 530 acquired lands was approximately 60.08 million sq.m. with total cost of approximately RMB143.4 billion. The average land cost was RMB2,387/sq.m.
- 90 land lots were acquired through M&A, accounting for 20% of total land cost

Notes:

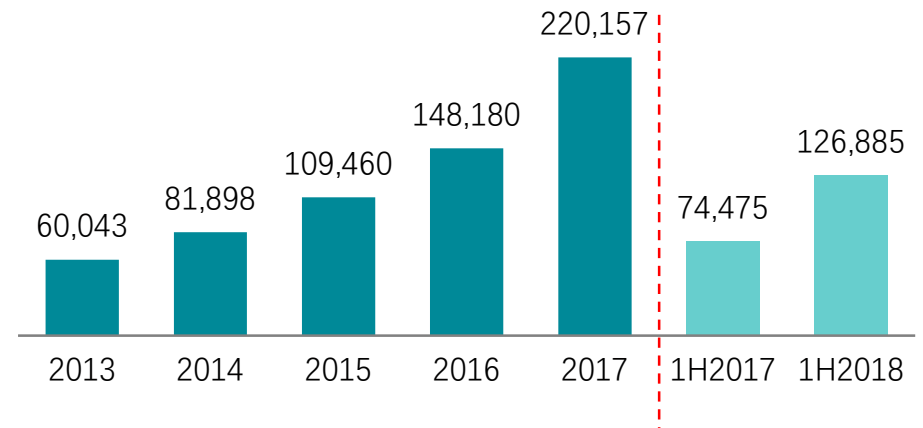
- GFA breakdown of acquired projects as at 30 June 2018; contracted or land permit received. Overseas attributable land bank was approximately 2.96 million sq.m. (excluding Forest City)
- Others* including Fujian, Hebei, Chongqing, Jiangxi, Shaanxi, Sichuan, Liaoning, Inner Mongolia, Tianjin, Yunnan, Gansu, Shanxi, Shanghai, Beijing, Ningxia, Xinjiang, Qinghai, Jilin, and Heilongjiang

Appendix 2 : Results highlights – Revenue (5/11)

Revenue (RMB million)

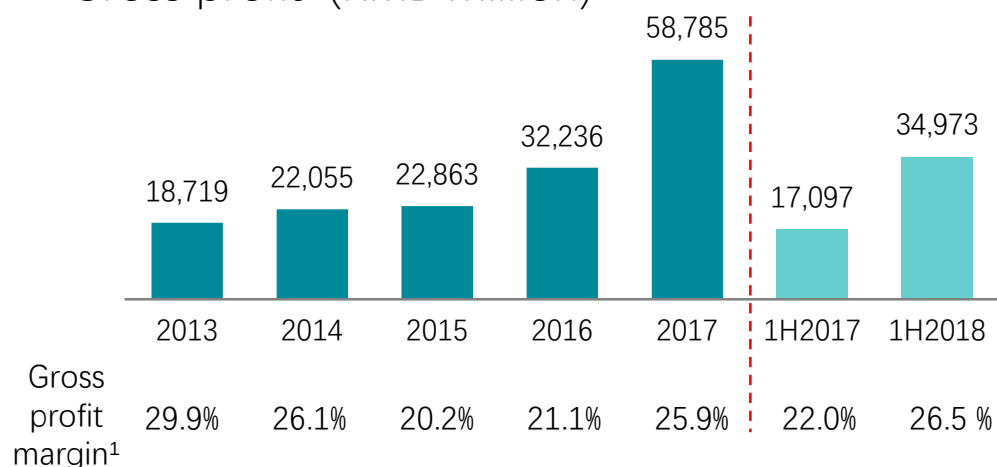


Recognized revenue from property sales (RMB million)

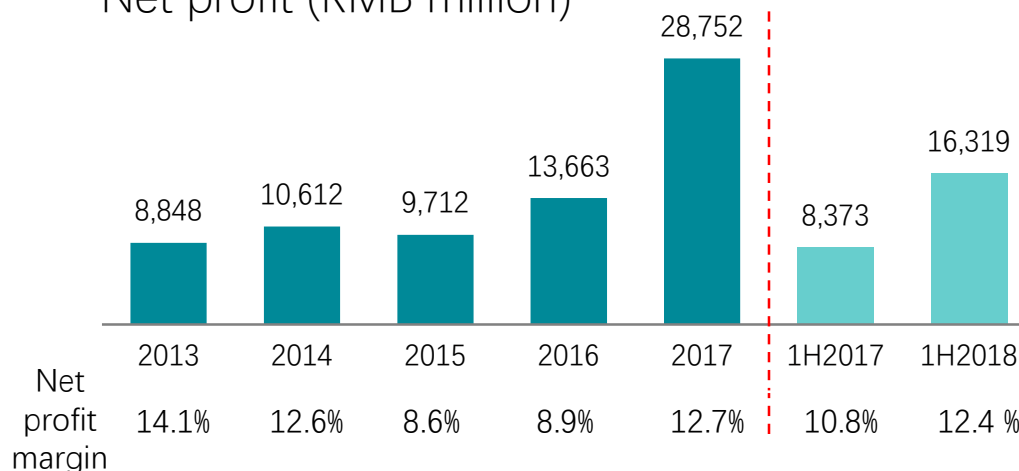


Appendix 2 : Results highlights – Profit (6/11)

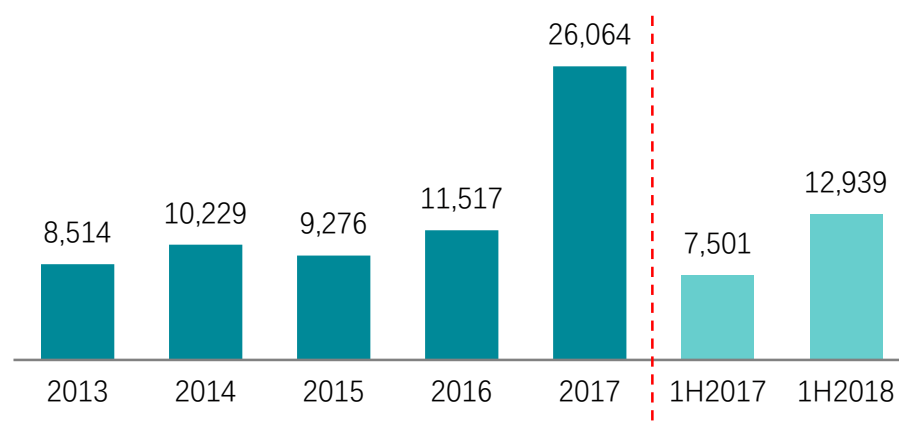
Gross profit¹ (RMB million)



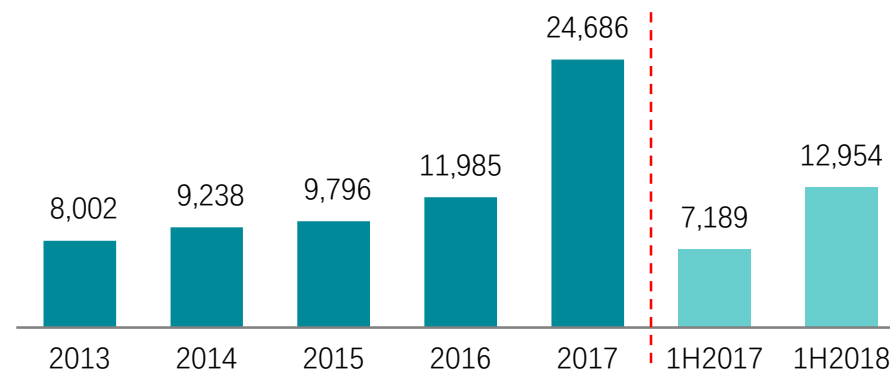
Net profit (RMB million)



Net profit attributable to the owners of the Company (RMB million)



Core net profit attributable to the owners of the Company² (RMB million)

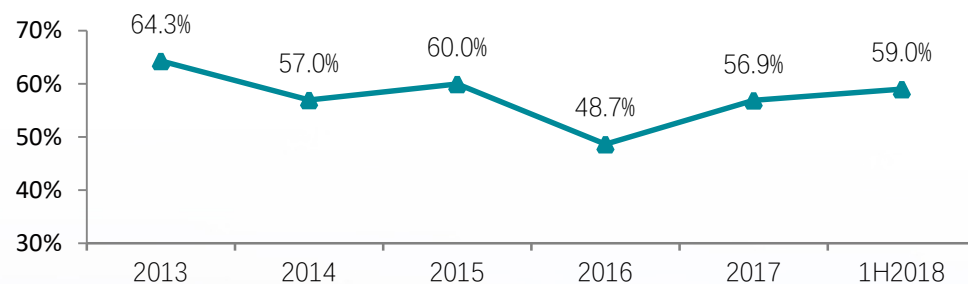


Notes:

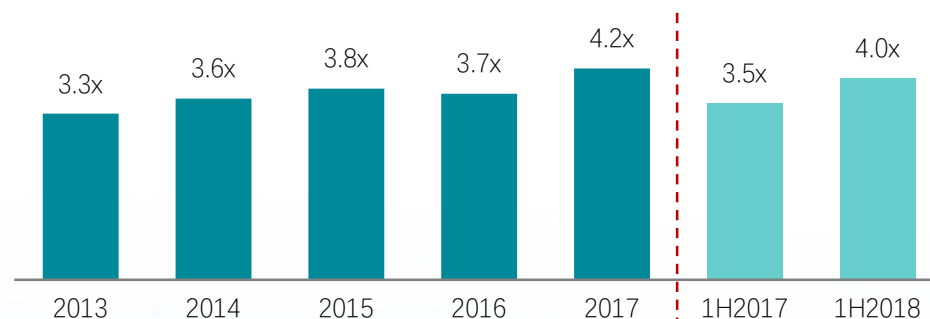
1. Gross profit and gross profit margin before LAT
2. It represents profit attributable to owners of the Company excluding the after-tax gains arising from changes in fair value of and transfer to investment properties, net exchange gains/losses on financial activities and the loss on early redemption of senior notes and change in fair value of derivative financial instruments.

Appendix 2: Results Highlights — Capital Structure (7/11)

Net gearing ratio¹

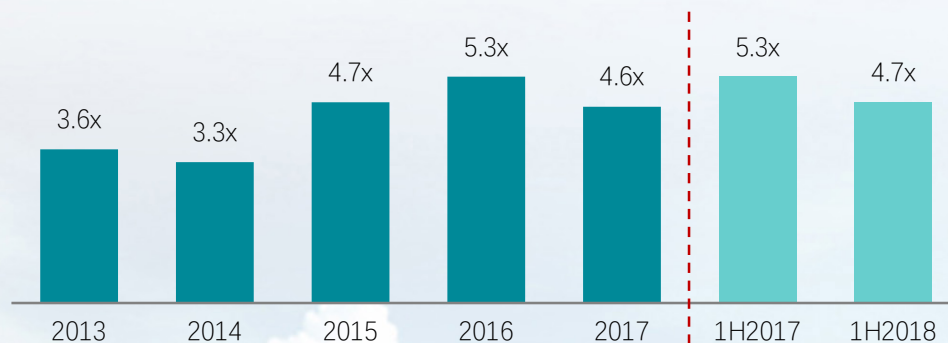


EBITDA²/Interest coverage

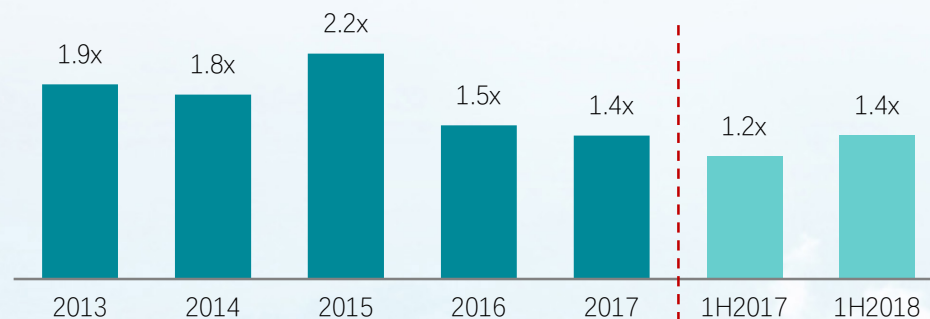


Budget management and net gearing ratio control

Total debt³/EBITDA²



Net debt⁴/EBITDA²

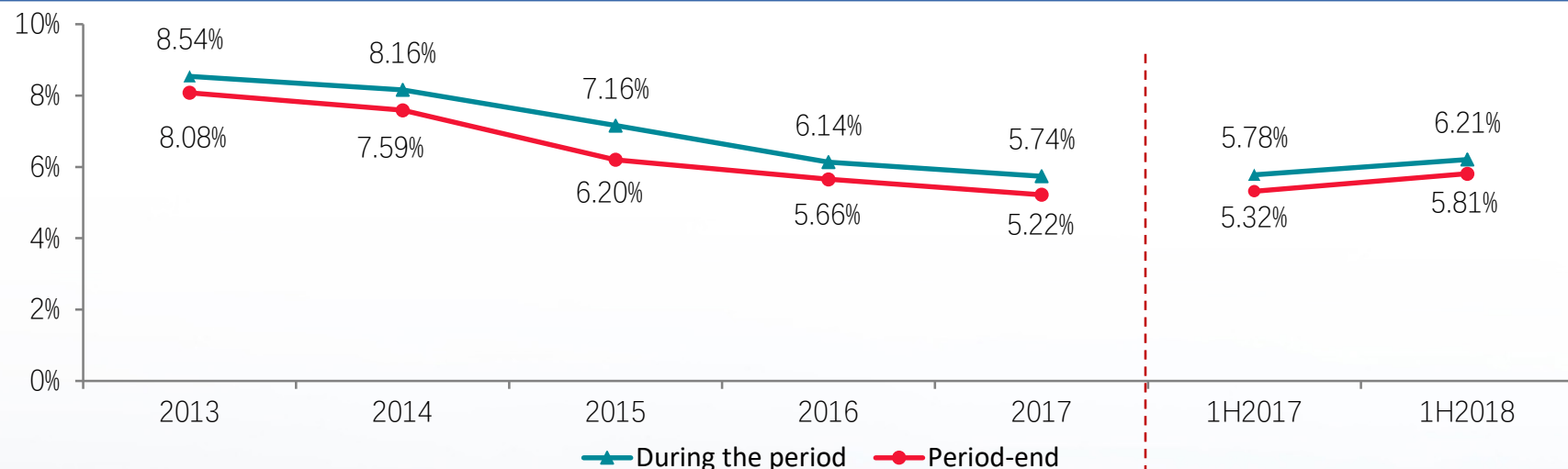


Notes:

1. Net gearing ratio $\frac{\text{total debt} - \text{cash \& cash equivalents} - \text{guarantee deposits for construction of pre-sale properties}}{\text{total equity}}$
2. EBITDA defined as operating profit + interest expenditure + PP&E depreciation + amortization of land use rights and intangibles, excluding foreign exchange gain or loss and other extraordinary gains and losses
3. Total debt = bank and other borrowings + senior notes + corporate bonds + convertible bonds
4. Net debt = total debt – cash and cash equivalents – guarantee deposits for construction of pre-sale properties

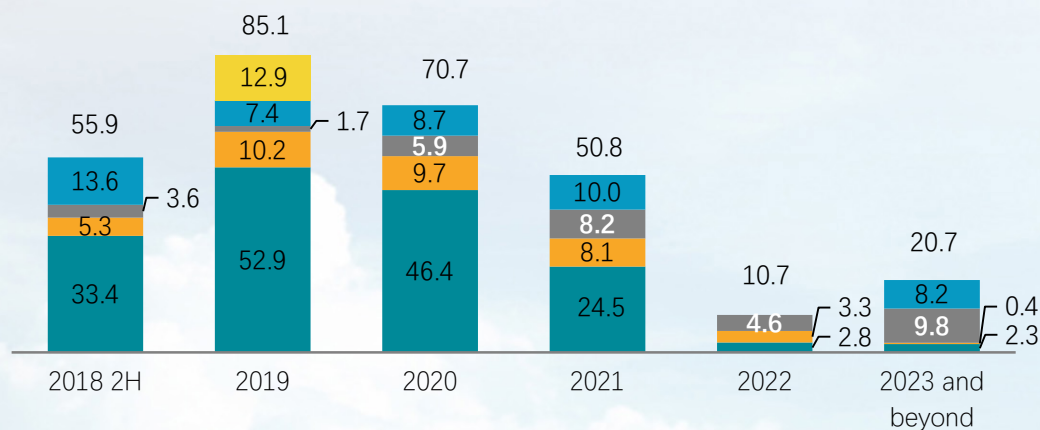
Appendix 2: Results Highlights — Capital Structure (8/11)

Weighted average borrowing cost

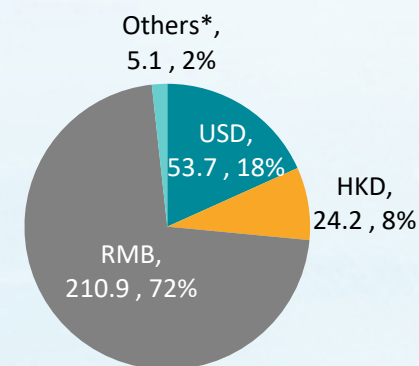


- Cash generated from property sales in 1H2018 amounted to RMB336.02 billion, net cash generated from operating activities was about RMB3.17 billion, achieving positive net operating cash flow again after the year 2016 and 2017

Debt maturity as of 30 June 2018 (RMB billion)



Debt by currency (RMB billion)

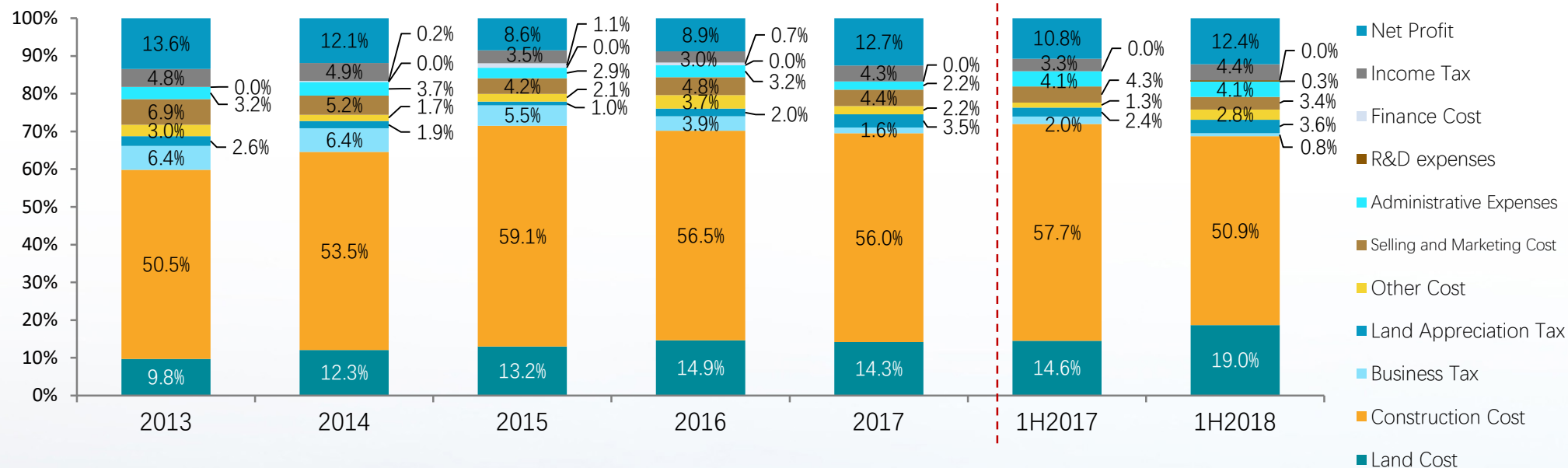


Note :

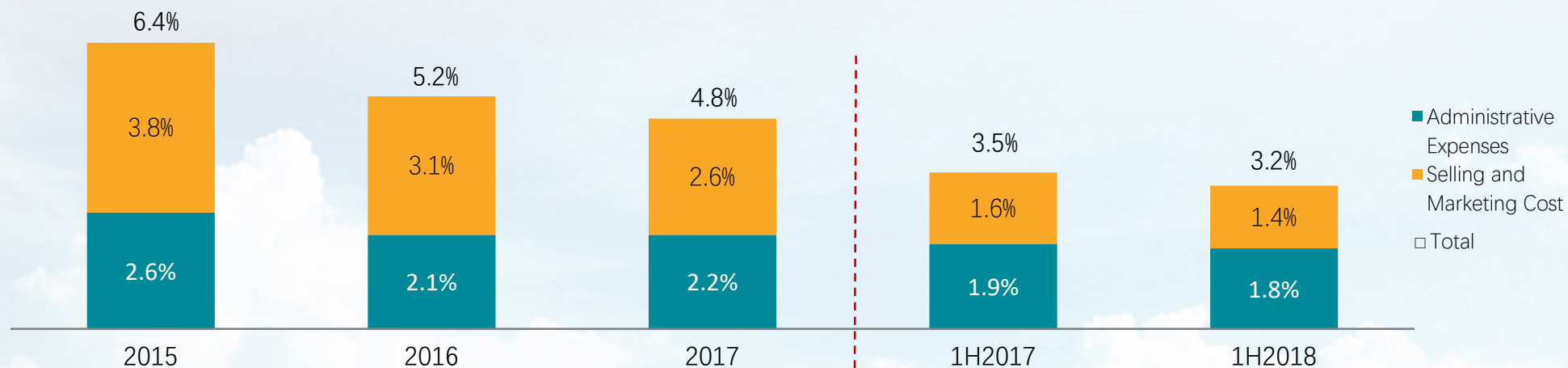
1. Other* : including MYR and other currencies

Appendix 2: Results Highlights —Cost Structure (9/11)

Costs and Net Profit (as % of revenue)



SG&A (as % of attributable contracted sales)



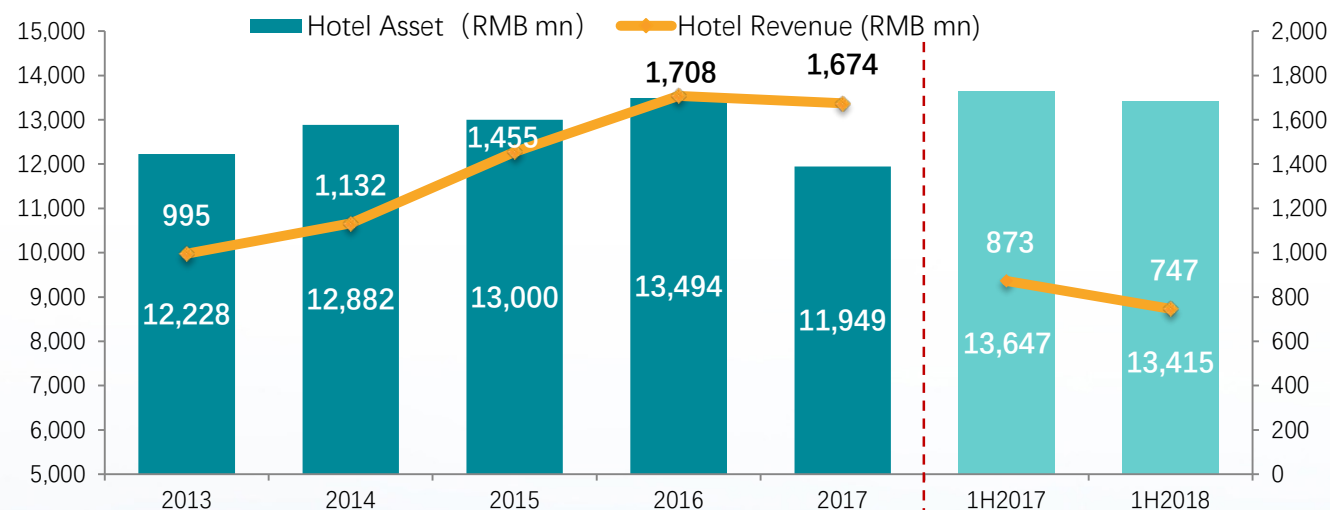
Appendix 2: Results Highlights — Cash Flow Statement (10/11)

Cash Flow Statement (RMB bn)		
1. Cash flows from operating activities	1H2017	1H2018
Property sales	220.52	336.02
Cash inflow from other segments and other operations	2.31	8.76
Construction payments	-47.62	-90.71
Land acquisition	-135.22	-196.38
Interest paid	-3.89	-7.44
Salary payments	-9.04	-15.97
Taxes	-12.07	-32.40
Others	1.43	1.29
Net cash generated from operating activities	16.42	3.17
2. Net cash used in investing activities (mainly for acquisition of subsidiaries, joint ventures and associates)	-13.28	-6.97
3. Cash flows from financing activities		
Net proceeds from debts	21.95	60.44
Receipts under securitization arrangement	-0.39	-1.01
Buy-back of shares	-0.64	-0.62
Issue of shares	-	6.34
Net cash distributed in respect of distribution in specie	-	-3.09
Others	1.49	1.02
Net cash generated from financing activities	22.41	63.08
4. Exchange gains/(losses) on cash and cash equivalents	-0.08	0.07
5. Net increase in cash and cash equivalents	25.46	59.35
Add: Cash and cash equivalent at the beginning of the period	84.65	137.08
6. Cash and cash equivalent at the end of the period	110.11	196.43
Add: Restricted cash at the end of the period	10.02	13.48
7. Available cash at the end of the period	120.13	209.91

Appendix 2: Results Highlights — Hotel and Investment Properties (11/11)

Hotel Asset and Revenue

- As at 30 June 2018, the Group owned 48 hotels, among which 41 are in operation (35 five-star or five-star standard¹ and 6 four-star or four-star standard¹), with a total of 11,009 guest rooms, and another 7 hotels under construction.



Investment Properties

- The Group's investment properties includes community stores in 106 projects in 16 provinces, 5 apartment projects and 6 large commercial complex projects.
- In 1H2018, the Group recorded approximately RMB539 million after-tax gains on investment properties after revaluation, due to change in the Group's accounting policies since 2014 to recognize the fair value of investment properties on the balance sheet. As at 30 June 2018, the Group's investment property covered a GFA of 1.29 million sq.m. with a fair value of RMB12.52 billion, and the rental income of investment property amounted to approximately RMB117 million.

Type	Rented			Completed projects (to be rented out)		Under construction		Total	
	GFA (sq.m.)	Fair value (RMB'000)	1H2018 rental income (RMB'000)	GFA (sq.m.)	Fair value (RMB'000)	GFA (sq.m.)	Fair value (RMB'000)	GFA (sq.m.)	Fair value (RMB'000)
Community Stores	380,711	4,456,804	83,731	183,419	1,344,532	109,528	1,014,650	673,658	6,815,986
Apartments	265,246	2,252,302	24,881	40,449	1,067,608	-	-	305,695	3,319,910
Large commercial complex	247,548	2,223,960	8,656	56,600	86,408	9,998	76,700	314,146	2,387,068
Total	893,505	8,933,066	117,268	280,468	2,498,548	119,526	1,091,350	1,293,499	12,522,964

Note:

- Hotels are only allowed to apply for star rating after one year of operation.