COUNTRY GARDEN HOLDINGS COMPANY LIMITED
碧桂園控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2007)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

FINANCIAL HIGHLIGHTS

- For the six months ended 30 June 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.
- 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.
- During the period, the Group's total revenue rose by 53.2% year on year to approximately RMB202.01 billion.
- The Group's gross profit increased by 56.9% year on year to approximately RMB54.86 billion.
- The Group's net profit increased by 41.3% year on year to approximately RMB23.06 billion.
- The profit attributable to the owners of the Company rose by 20.8% year on year to approximately RMB15.64 billion.
- The core net profit attributable to the owners of the Company[1] rose by 23.4% year on year to approximately RMB15.98 billion.
- The Group's basic earnings per share rose by 21.7% year on year to RMB0.73 yuan for the period.
- The Board declared payment of an interim dividend of RMB22.87 cents per share (the shareholders may choose to receive dividends in cash and/or in shares), up by 23.5% year on year. The total interim dividend will equal 31.0% of the core net profit.

1 It represents 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.

The board (the "**Board**") of directors (the "**Director(s)**") of Country Garden Holdings Company Limited (the "**Company**") is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the "**Group**" or "**Country Garden**") for the six months ended 30 June 2019.

BUSINESS REVIEW AND OUTLOOK

As one of the largest property developer 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.

We are 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.

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[2] 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.

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

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 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 Chairman of the Board, Mr. YEUNG Kwok Keung and his family, 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.**

Striving for profits alone is not enough to make 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!

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		**23,815**	23,421
Investment properties		**14,446**	16,435
Intangible assets		**660**	670
Land use rights		**–**	2,496
Right-of-use assets		**4,264**	–
Properties under development		**126,970**	107,812
Investments in joint ventures		**32,160**	27,891
Investments in associates		**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	*4*	**26,778**	10,962
Deferred income tax assets		**21,057**	18,701
		274,551	229,944
Current assets			
Properties under development		**662,174**	626,937
Completed properties held for sale		**31,305**	44,338
Inventories		**10,112**	8,822
Trade and other receivables	*4*	**485,062**	426,397
Contract assets and contract acquisition costs		**20,550**	17,094
Prepaid income tax		**24,826**	21,350
Restricted cash		**14,514**	14,200
Cash and cash equivalents		**208,322**	228,343
Financial assets at fair value through profit or loss		**15,042**	12,019
Derivative financial instruments		**272**	250
		1,472,179	1,399,750

	Note	Unaudited 30 June 2019 RMB million	Audited 31 December 2018 RMB million
Current liabilities			
Contract liabilities		**607,550**	562,800
Trade and other payables	5	**554,398**	498,821
Receipts under securitisation arrangements		**550**	794
Current income tax liabilities		**29,240**	30,783
Senior notes	6	**7,038**	2,238
Corporate bonds	7	**28,098**	23,964
Convertible bonds	8	**21**	8,051
Bank and other borrowings		**78,760**	91,844
Lease liabilities		**51**	–
Derivative financial instruments		**88**	111
Dividend payable		**6,563**	–
		1,312,357	1,219,406
Net current assets		**159,822**	180,344
Total assets less current liabilities		**434,373**	410,288
Non-current liabilities			
Senior notes	6	**50,427**	39,478
Corporate bonds	7	**19,238**	17,944
Convertible bonds	8	**5,202**	5,117
Bank and other borrowings		**143,105**	139,839
Lease liabilities		**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	9	**28,025**	27,881
Other reserves		**8,281**	8,247
Retained earnings		**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

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Unaudited Six months ended 30 June 2019 RMB million	2018 RMB million
Revenue	*3*	**202,006**	131,894
Cost of sales		**(147,150)**	(96,921)
Gross profit		**54,856**	34,973
Other income and gains — net	*10*	**1,656**	1,758
Gains arising from changes in fair value of and transfer to investment properties		**16**	539
Selling and marketing costs		**(9,098)**	(4,502)
Administrative expenses		**(9,571)**	(5,069)
Research and development expenses		**(620)**	(331)
Net impairment losses on financial and contract assets		**(973)**	(482)
Operating profit		**36,266**	26,886
Finance income	*11*	**1,506**	777
Finance costs	*11*	**(601)**	(596)
Finance income — net	*11*	**905**	181
Share of results of joint ventures and associates		**2,317**	(210)
Profit before income tax		**39,488**	26,857
Income tax expenses	*12*	**(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	*14*	**0.73**	0.60
Diluted	*14*	**0.71**	0.58
Dividends			
Interim dividend	*13*	**4,953**	4,017

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

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. Change in accounting policies and disclosures

Except as described in Note 2 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 2 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.

2. Adoption of HKFRS 16

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.

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	1 January 2019
	RMB million	*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

The recognised lease liabilities are classified as below:

	30 June 2019	1 January 2019
	RMB million	*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 assets 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".

3. **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.

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**

	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, intangilble 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

4. Trade and other receivables

	30 June 2019 *RMB million*	31 December 2018 *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

(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.

(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.

5. 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.

6. 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

7. 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

8. 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.

9. Share capital and premium

	Number of ordinary shares	Nominal value of ordinary shares	Equivalent nominal value of ordinary shares	Share premium	Total	Treasury shares	Group total
	million	*HKD million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*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

10. Other income and gains — net

	Six months ended 30 June	
	2019	2018
	RMB million	*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	**87**	847
— Gains on disposals of subsidiaries	**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

11. Finance income — net

	Six months ended 30 June	
	2019	2018
	RMB million	*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 6)*	**(1,723)**	(1,280)
— Corporate bonds *(note 7)*	**(1,358)**	(1,304)
— Convertible bonds *(note 8)*	**(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

12. 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	**8,342**	4,894
	19,652	10,079
Deferred income tax		
— Corporate income tax	**(3,615)**	385
— Land appreciation tax	**161**	(126)
— Withholding income tax on profit to be distributed in future	**233**	200
	(3,221)	459
	16,431	10,538

13. 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 whose names appear on the register of members of the Company on Wednesday, 18 September 2019 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 HKD34.49 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.

14. Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the 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

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.

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

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

The Group has approved and/or adopted certain share option scheme and employee incentive scheme, details can be referred in the sections headed "SHARE OPTION SCHEME" and "EMPLOYEE INCENTIVE SCHEME" in this announcement.

Forward Looking

In the 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.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") assists the Board in providing an independent review of the effectiveness of the financial reporting process, 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.

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 set out in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") of the Listing Rules as the code of conduct for dealing in securities of the Company by the Directors. After specific enquiry, all Directors confirmed that they have complied with the required standard regarding securities transactions set out therein throughout the 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.

SHARE OPTION SCHEME

A share option scheme was approved and adopted by the shareholders of the Company (the "**Shareholders**") at the annual general meeting of the Company held on 18 May 2017 (the "**2017 AGM**") for a period of 10 years commencing on the adoption date and ending on 17 May 2027 (the "**Share Option Scheme**"). Subject to the terms and conditions of the Share Option Scheme, the Board may, at its discretion, grant share options to any eligible person to subscribe for the shares of the Company (the "**Share(s)**") within the validity period of the scheme.

During the six months ended 30 June 2019, share options for 13,521,068 Shares with a fair value on the grant date of approximately RMB140 million were granted to eligible persons in accordance with the terms of the Share Option Scheme.

EMPLOYEE INCENTIVE SCHEME

The trust deed in respect of the employee incentive scheme (the "**Employee Incentive Scheme**") for rewarding the contribution of the senior management and employees of the Group which excludes any connected persons of the Company, together with the scheme rules, were approved by the Board 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 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 Singapore Exchange Securities Trading Limited ("**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.

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 conversation 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 annual general meeting of the Company held on 17 May 2018 (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.

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 Options**").

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 extraordinary general meeting of the Company held on 16 May 2019 (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, 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 LISTED 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 6, 7 and 8 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 announcement.

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**") (the "**Eligible Shareholders**"), 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 dispatched 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.

PUBLICATION OF INTERIM RESULTS

The interim results announcement is published on the Company's website (http://www.countrygarden.com.cn) and the Stock Exchange's designated website (http://www.hkexnews.hk).

By Order of the Board
Country Garden Holdings Company Limited
MO Bin
President and Executive Director

Hong Kong, 22 August 2019

As of the date of this announcement, the executive Directors are Mr. YEUNG Kwok Keung (Chairman), Ms. YANG Huiyan (Co-Chairman), Mr. MO Bin (President), Ms. YANG Ziying, Mr. YANG Zhicheng, Mr. SONG Jun, Mr. LIANG Guokun and Mr. SU Baiyuan. The non-executive Director is Mr. CHEN Chong. The independent non-executive Directors are Mr. LAI Ming, Joseph, Mr. SHEK Lai Him, Abraham, Mr. TONG Wui Tung, Mr. HUANG Hongyan and Mr. TO Yau Kwok.