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GREENLAND HONG KONG HOLDINGS LIMITED

綠地香港控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 337)

USD200 million 9.875 per cent. Bonds due 2020

(Stock Code: 5485)

USD300 million 6.0 per cent. Bonds due 2021

(Stock Code: 5412)

2019 INTERIM RESULTS ANNOUNCEMENT

HIGHLIGHTS

- Profit for the period was approximately RMB880 million, representing a year-on-year increase of approximately 90%
- Profit for the period attributable to owners of the Company was approximately RMB706 million, representing a year-on-year increase of approximately 113%
- Gross profit margin for the period rose to approximately 36% from approximately 24% for the same period last year
- Core net profit⁽¹⁾ for the period was approximately RMB522 million, representing a year-on-year increase of approximately 145%
- Basic and diluted earnings per share for the period increased by approximately 127% to approximately RMB0.25
- Net gearing ratio as at 30 June 2019 further decreased to approximately 50% from approximately 88% as at 31 December 2018
- Contracted sales amounted to approximately RMB25,605 million for 1H2019, representing a year-on-year increase of approximately 67%
- Since the beginning of FY2019 and up to the date of this announcement, acquired 6 land parcels with a total GFA of approximately 2.68 million square meters in 5 cities

⁽¹⁾ It represents profit and total comprehensive income for the period excluding the post-tax gains on the change in fair value of investment properties, net gain/loss on financial derivatives and net foreign exchange loss.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

FOR THE SIX MONTHS ENDED 30 JUNE 2019

		Six months ended 30 June	
		2019	2018
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	3		
– Goods and services		5,767,073	5,279,280
– Rental		34,516	22,681
		<hr/>	<hr/>
Total revenue		5,801,589	5,301,961
Cost of sales		(3,739,046)	(4,053,993)
		<hr/>	<hr/>
Gross profit		2,062,543	1,247,968
Other income		12,792	15,459
Other gains and losses		(23,766)	(259,050)
Selling and marketing expenses		(320,334)	(308,190)
Administrative expenses		(362,533)	(281,449)
Other operating expenses		(114,503)	(18,384)
Impairment losses under expected credit loss model, net of reversal		5,831	(14,869)
		<hr/>	<hr/>
Results from operating activities		1,260,030	381,485
Finance income		30,260	24,101
Finance costs	4	(69,461)	(132,742)
		<hr/>	<hr/>
Net finance costs		(39,201)	(108,641)
Share of losses of associates		(8,129)	(1,302)
Share of profits of joint ventures		2,701	18,239
Gains on the change in fair value of investment properties	8	508,756	677,144
		<hr/>	<hr/>
Profit before income tax		1,724,157	966,925
Income tax expense	5	(844,350)	(504,299)
		<hr/>	<hr/>
Profit and total comprehensive income for the period		879,807	462,626
		<hr/>	<hr/>
Attributable to:			
Owners of the Company		705,631	331,821
Non-controlling interests		174,176	130,805
		<hr/>	<hr/>
		879,807	462,626
		<hr/>	<hr/>
Earnings per share:			
Basic and diluted	7	0.25	0.11
		<hr/>	<hr/>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

		As at 30 June 2019	As at 31 December 2018
	<i>Notes</i>	RMB'000 (Unaudited)	RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		1,189,490	1,208,629
Intangible assets		1,229	1,251
Right-of-use assets		86,986	–
Land use rights		–	69,315
Equity instruments at fair value through other comprehensive income (“FVTOCI”)		294,340	294,340
Investment properties	8	14,015,000	13,083,000
Properties under development		8,246,382	13,194,256
Interests in associates		191,596	206,554
Interests in joint ventures		622,045	619,344
Deferred tax assets		784,367	644,169
Restricted bank deposits		398,400	–
Total non-current assets		<u>25,829,835</u>	<u>29,320,858</u>
CURRENT ASSETS			
Properties under development		31,050,290	25,083,825
Completed properties held for sale		11,923,231	10,170,401
Tax recoverable		1,067,433	944,494
Trade and other receivables, deposits and prepayments	9	14,213,292	17,538,455
Contract assets		688,198	839,997
Contract costs		83,440	54,962
Financial assets at fair value through profit or loss		1,319	–
Restricted bank deposits		3,070,436	2,217,430
Bank balances and cash		7,078,536	4,059,778
Total current assets		<u>69,176,175</u>	<u>60,909,342</u>
Total assets		<u>95,006,010</u>	<u>90,230,200</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019 – CONTINUED

	<i>Notes</i>	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
EQUITY			
Share capital		1,132,097	1,132,097
Share premium		3,412,872	3,412,872
Reserves		1,138,759	1,138,759
Perpetual securities	12	787,823	787,823
Retained earnings		4,970,176	4,778,667
		<hr/>	<hr/>
Total equity attributable to owners of the Company		11,441,727	11,250,218
Non-controlling interests		2,869,798	2,694,520
		<hr/>	<hr/>
Total equity		14,311,525	13,944,738
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Interest-bearing loans		10,221,775	9,475,268
Lease liabilities		4,989	–
Bonds	11	–	1,367,416
Deferred tax liabilities		1,920,675	1,822,577
		<hr/>	<hr/>
Total non-current liabilities		12,147,439	12,665,261
		<hr/>	<hr/>
CURRENT LIABILITIES			
Interest-bearing loans		3,033,453	3,209,345
Trade and other payables	10	30,005,325	29,485,687
Lease liabilities		12,564	–
Contract liabilities		29,464,128	24,511,228
Tax payable		1,567,678	1,963,342
Bonds	11	4,463,898	4,450,599
		<hr/>	<hr/>
Total current liabilities		68,547,046	63,620,201
		<hr/>	<hr/>
Total liabilities		80,694,485	76,285,462
		<hr/>	<hr/>
Total equity and liabilities		95,006,010	90,230,200
		<hr/>	<hr/>
Net current assets (liabilities)		629,129	(2,710,859)
		<hr/>	<hr/>
Total assets exceed current liabilities		26,458,964	26,609,999
		<hr/>	<hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* issued by the International Accounting Standard Board (the “IASB”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values, as appropriate.

Other than changes in accounting policies resulting from application of new and amendments to International Financial Reporting Standards (“IFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2018.

Application of new and amendments to IFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to IFRSs issued by the IASB which are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group’s condensed consolidated financial statements:

IFRS 16	Leases
IFRIC-Int 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRSs 2015-2017 Cycle

The application of the new and amendments to IFRSs in the current period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

An analysis of the Group's revenue from its major products and services is as follows:

	Six months ended 30 June 2019		
	Revenue recognised at a point in time <i>RMB'000</i>	Revenue recognised over time <i>RMB'000</i>	Total <i>RMB'000</i>
Type of goods and service under IFRS 15			
Sales of properties and construction management service	5,409,246	47,948	5,457,194
Hotel and related services	–	73,673	73,673
Property management and other services	–	236,206	236,206
	5,409,246	357,827	5,767,073
Lease of properties			34,516
			5,801,589
	Six months ended 30 June 2018		
	Revenue recognised at a point in time <i>RMB'000</i>	Revenue recognised over time <i>RMB'000</i>	Total <i>RMB'000</i>
Type of goods and service under IFRS 15			
Sales of properties and construction management service	4,990,433	–	4,990,433
Hotel and related services	–	61,755	61,755
Property management and other services	–	227,092	227,092
	4,990,433	288,847	5,279,280
Lease of properties			22,681
			5,301,961

The following is an analysis of the Group's revenue, results, assets and liabilities by reportable segments:

	Sales of properties and construction management service <i>RMB'000</i>	Lease of properties <i>RMB'000</i>	Hotel and related services <i>RMB'000</i>	Property management and other services <i>RMB'000</i>	Total <i>RMB'000</i>
For the six months ended 30 June 2019					
(unaudited)					
Revenue from external customers	<u>5,457,194</u>	<u>34,516</u>	<u>73,673</u>	<u>236,206</u>	<u>5,801,589</u>
Inter-segment revenue	<u>–</u>	<u>–</u>	<u>–</u>	<u>674,153</u>	<u>674,153</u>
Reportable segment revenue	<u>5,457,194</u>	<u>34,516</u>	<u>73,673</u>	<u>910,359</u>	<u>6,475,742</u>
Reportable segment profit before income tax	<u>1,256,880</u>	<u>538,584</u>	<u>2,617</u>	<u>7,627</u>	<u>1,805,708</u>
As at 30 June 2019 (unaudited)					
Reportable segment assets	<u>78,332,117</u>	<u>14,015,000</u>	<u>1,252,009</u>	<u>2,582,749</u>	<u>96,181,875</u>
Reportable segment liabilities	<u>66,075,963</u>	<u>8,545,732</u>	<u>838,807</u>	<u>1,740,356</u>	<u>77,200,858</u>
For the six months ended 30 June 2018					
(unaudited)					
Revenue from external customers	4,990,433	22,681	61,755	227,092	5,301,961
Inter-segment revenue	<u>–</u>	<u>–</u>	<u>–</u>	<u>133,032</u>	<u>133,032</u>
Reportable segment revenue	<u>4,990,433</u>	<u>22,681</u>	<u>61,755</u>	<u>360,124</u>	<u>5,434,993</u>
Reportable segment profit before income tax	<u>280,389</u>	<u>694,572</u>	<u>1,599</u>	<u>6,675</u>	<u>983,235</u>
As at 31 December 2018 (audited)					
Reportable segment assets	<u>78,424,276</u>	<u>13,083,000</u>	<u>1,738,365</u>	<u>2,112,126</u>	<u>95,357,767</u>
Reportable segment liabilities	<u>65,940,180</u>	<u>6,934,324</u>	<u>1,317,193</u>	<u>1,233,679</u>	<u>75,425,376</u>

Reconciliations of reportable segment revenue, results are as follow:

	Six months ended 30 June	
	2019 <i>RMB'000</i> (Unaudited)	2018 <i>RMB'000</i> (Unaudited)
Revenue		
Reportable segment revenue	6,475,742	5,434,993
Elimination of inter-segment revenue	<u>(674,153)</u>	<u>(133,032)</u>
Consolidated revenue	<u>5,801,589</u>	<u>5,301,961</u>
Profit		
Reportable segment profit before income tax	1,805,708	983,235
Elimination of inter-segment profits	(76,123)	(33,247)
Share of losses of associates	(8,129)	(1,302)
Share of profits of joint ventures	<u>2,701</u>	<u>18,239</u>
Consolidated profit before income tax	<u>1,724,157</u>	<u>966,925</u>

Reconciliations of reportable segment assets and liabilities are as follow:

	As at 30 June 2019 <i>RMB'000</i> (Unaudited)	As at 31 December 2018 <i>RMB'000</i> (Audited)
	Assets	
Reportable segment assets	96,181,875	95,357,767
Elimination of inter-segment receivables	(970,271)	(4,957,929)
Elimination of inter-segment investments	(1,019,235)	(995,536)
Interests in associates	191,596	206,554
Interests in joint ventures	<u>622,045</u>	<u>619,344</u>
Consolidated total assets	<u>95,006,010</u>	<u>90,230,200</u>
Liabilities		
Reportable segment liabilities	77,200,858	75,425,376
Elimination of inter-segment payables	(970,271)	(4,957,929)
Bonds	<u>4,463,898</u>	<u>5,818,015</u>
Consolidated total liabilities	<u>80,694,485</u>	<u>76,285,462</u>

4. FINANCE COSTS

	six months ended 30 June	
	2019 <i>RMB'000</i> (Unaudited)	2018 <i>RMB'000</i> (Unaudited)
Interest expenses on loans	313,691	281,319
Interest expenses on bonds	190,120	128,374
Interest expenses on contract liabilities	164,020	138,225
Interest expenses on lease liabilities	336	–
	<hr/>	<hr/>
	668,167	547,918
Less: financial costs capitalised	(598,706)	(415,176)
	<hr/>	<hr/>
	69,461	132,742
	<hr/>	<hr/>

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2019 <i>RMB'000</i> (Unaudited)	2018 <i>RMB'000</i> (Unaudited)
Current tax:		
PRC Enterprise Income Tax (“EIT”)	547,514	379,661
PRC Land Appreciation Tax (“LAT”)	338,936	160,569
	<hr/>	<hr/>
	886,450	540,230
Deferred tax:		
Current period	(42,100)	(35,931)
	<hr/>	<hr/>
	844,350	504,299
	<hr/>	<hr/>

No provision for Hong Kong Profits Tax has been made as the Group did not earn any income subject to Hong Kong Profits Tax for both periods.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

Enterprise Income Tax

Under the law of the PRC on EIT (the “EIT Law”) and implementation regulation of the EIT Law, the Group’s main operating companies in the PRC are subject to PRC EIT at a rate of 25%.

In addition, the EIT Law provides that qualified dividend income between two “resident enterprises” that have a direct investment relationship is exempted from income tax. Otherwise, such dividends will be subject to a 5% or 10% withholding tax under the Enterprise Income Tax Law. A 10% withholding tax rate is applicable to the Group.

Land Appreciation Tax

According to the requirements of the Provisional Regulations of the PRC on LAT effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective from 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for property sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items. For the six months ended 30 June 2019, a provision of LAT in the amount of RMB338,936,000 (for the six months ended 30 June 2018: RMB160,569,000) has been included in profit or loss.

6. DIVIDENDS

During the interim period, a final dividend of HKD0.20 cents per share in respect of the year ended 31 December 2018 (for the six months ended 30 June 2018: HKD0.15 cents per share) was declared. The aggregate amount of the final dividend declared in the interim period amounted to HKD558,377,000, equivalent to RMB491,182,000 (for six month ended 30 June 2018: HKD419,052,000, equivalent to RMB342,114,000).

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2019 (for the six months ended 30 June 2018: Nil).

7. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

(a) Earnings

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company allocated to ordinary shares	705,631	331,821
Less: distribution related to perpetual securities	(22,912)	(21,502)
Earnings for the purpose of basic and diluted earnings per share	<u>682,719</u>	<u>310,319</u>

(b) Number of shares:

	Six months ended 30 June	
	2019	2018
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>2,769,188,000</u>	<u>2,770,973,440</u>

8. INVESTMENT PROPERTIES

	Investment properties under development <i>RMB'000</i>	Completed investment properties <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2019	8,005,635	5,077,365	13,083,000
Additions	500,385	–	500,385
Transfer from completed properties held for sale	–	256,013	256,013
Disposal	–	(333,154)	(333,154)
Transfer	(7,857,313)	7,857,313	–
Net increase in fair value recognised in profit and loss	1,293	507,463	508,756
	<u>650,000</u>	<u>13,365,000</u>	<u>14,015,000</u>
As at 30 June 2019	<u>650,000</u>	<u>13,365,000</u>	<u>14,015,000</u>

The fair value of the Group's investment property as at 30 June 2019 and 31 December 2018 has been arrived at on the basis of a valuation carried out on the respective dates by Debenham Tie Leung Limited ("DTZ"), independent valuers not related to the Group. DTZ has appropriate qualifications and recent experience in the valuation of properties in the relevant locations.

For completed investment properties, the valuations have been arrived at using income capitalisation approach, where appropriate, by capitalising the net rental income derived from the existing tenancies with due allowance for the reversionary income potential of the respective properties.

For investment properties under construction or development, the valuations have been arrived at assuming that the investment properties will be completed in accordance with the development proposals and the relevant approvals for the proposals have been obtained. The key inputs in the valuations include the market value of the completed investment properties, which are estimated with reference to sales evidence of similar properties in the nearest locality, with adjustments made to account for differences in locations and other factors specific to the respective properties based on the valuer's judgement. Costs of development are also taken into account including construction costs, finance costs and professional fees, as well as developer's profit margin which reflects the remaining risks associated with the development of the properties at the valuation date and the return that the developer would require for bringing them to completion status, which is determined by the valuer based on its analyses of recent land transactions and market value of similar completed properties in the respective locations.

There has been no change to the valuation technique during the interim period.

As at 30 June 2019, the Group has not obtained the State-owned Land Use Rights Certificate for certain investment properties, which are amounted to RMB133,000,000 (as at 31 December 2018: RMB133,000,000).

As at 30 June 2019, investment properties with a total carry value of RMB578,000,000 (31 December 2018: RMB578,000,000) were pledged as collateral for the Group's borrowings.

9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 June 2019 <i>RMB'000</i>	As at 31 December 2018 <i>RMB'000</i>
Trade receivables		
– due from related parties	4,233	5,522
– due from non-related parties	214,263	278,372
	<u>218,496</u>	<u>283,894</u>
Less: allowance for doubtful debts	(26,159)	(41,405)
	<u>192,337</u>	242,489
Trade receivables, net off allowance for doubtful debts		
Other non-trade receivables		
– due from related parties	7,263,639	10,688,157
– due from non-related parties	2,129,781	2,601,032
– consideration receivable due from a related party	287,113	903,913
	<u>9,680,533</u>	<u>14,193,102</u>
Less: allowance for doubtful debts	(197,068)	(187,400)
	<u>9,483,465</u>	14,005,702
Other non-trade receivables, net off allowance for doubtful debts		
Advance payments to contractors	616,208	894,739
Advance to related parties	433,244	138,319
Advance deposits for acquisition of land use rights	1,861,566	1,119,312
Other tax prepayments	1,626,472	1,137,894
	<u>14,213,292</u>	<u>17,538,455</u>
Total		

In general, the Group provides no credit term to its customers. The aged analysis of trade receivables is stated as follows:

	As at 30 June 2019 <i>RMB'000</i>	As at 31 December 2018 <i>RMB'000</i>
0-90 days	25,723	169,739
91-180 days	1,605	6,673
181-365 days	126,029	5,747
Over 365 days	38,980	60,330
	<u>192,337</u>	<u>242,489</u>

10. TRADE AND OTHER PAYABLES

	As at 30 June 2019 <i>RMB'000</i>	As at 31 December 2018 <i>RMB'000</i>
Payables due to related parties		
– trade related	213,605	744,750
– non-trade related	11,294,532	12,963,598
	<u>11,508,137</u>	<u>13,708,348</u>
Trade payables	10,155,179	11,177,086
Payable on purchase of land use rights	706,417	620,555
Other taxes payable	138,911	209,390
Interest payable	58,981	96,579
Dividends payable	491,422	240
Other payables and accrued expenses	6,946,278	3,673,489
	<u>18,497,188</u>	<u>15,777,339</u>
Total	<u>30,005,325</u>	<u>29,485,687</u>

The aging analysis of trade payables due to related parties and the third parties is stated as follows:

	As at 30 June 2019 <i>RMB'000</i> (Unaudited)	As at 31 December 2018 <i>RMB'000</i> (Audited)
Within 90 days	7,310,531	9,312,288
Over 90 days and within 180 days	452,715	637,596
Over 180 days and within 365 days	816,029	462,261
Over 365 days	1,789,509	1,509,691
	<u>10,368,784</u>	<u>11,921,836</u>

11. BONDS

On 28 July 2016, the Company issued 3.875% bonds due 2019 (the “A Bond”) with an aggregated nominal value of USD450,000,000 at a value equal to 99.301% of the face value. The A Bond is listed on the Hong Kong Stock Exchange. The A Bond carries interest at the rate of 3.875% per annum, payable semi-annually on 28 January and 28 July in arrears and will mature on 28 July 2019. The net proceeds after deducting the direct issuance costs, amounted to approximately USD443,986,000 (equivalent to RMB2,956,815,000).

On 27 June 2018, the Company issued 7.875% bonds due 2019 (the “B Bond”) with an aggregated nominal value of USD200,000,000 at a value equal to 100% of the face value. The B Bond is listed on the Hong Kong Stock Exchange. The B Bond carries interest at the rate of 7.875% per annum, payable semi-annually on 27 December and 27 June in arrears and will mature on 27 June 2019, unless redeemed earlier. The net proceeds after deducting the direct issuance costs, amounted to approximately USD199,347,000 (equivalent to RMB1,299,346,000). The B Bond matured and repaid on 26 June 2019.

On 17 December 2018, the Company issued 9.875% bonds due 2020 (the “C Bond”) with an aggregated nominal value of USD200,000,000 at a value equal to 100% of the face value. The C Bond is listed on the Hong Kong Stock Exchange. The C Bond carries interest at the rate of 9.875% per annum, payable semiannually on 26 December and 25 June in arrears and will mature on 17 June 2020, unless redeemed earlier. The net proceeds after deducting the direct issuance costs, amounted to approximately USD199,219,000 (equivalent to RMB1,375,886,000).

The A Bond has the benefit of a keepwell deed from Greenland Holdings Group Company Limited, the intermediate controlling shareholder of the Company.

The B Bond have an embedded issuer’s redemption option, the Company may, by giving not more than 30 days’ notice to the trustee in writing and to the bondholders, redeem the bond, in whole or in part, at a redemption price equal to 100 percent of their principal amount, together with accrued and unpaid interest. The redemption option of the B bond was not realised before the repayment date.

The C Bond have an embedded issuer’s redemption option, the Company may, by giving not less than 15 nor more than 30 days’ notice to the trustee in writing and to the bondholders, redeem the bond, in whole or in part, at a redemption price equal to 100 percent of their principal amount, together with accrued and unpaid interest.

The directors consider the fair value of the issuer’s redemption options of the C Bond is immaterial to the Group.

The summary of movements of all the bonds for the interim period is set out below:

	<i>RMB'000</i>
As at 1 January 2019	5,818,015
Interests charged during the period	190,120
Interest paid/payable during the period	(181,226)
Repayment of bonds	(1,376,100)
Exchange realignment	13,089
	<hr/>
As at 30 June 2019	<u>4,463,898</u>

The total carrying amount of the bonds was repayable as follows:

	As at 30 June 2019 <i>RMB'000</i>	As at 31 December 2018 <i>RMB'000</i>
Amount due within one year	4,463,898	4,450,599
Amount due after one year but within two years	–	1,367,416
	<hr/>	<hr/>
Total	<u>4,463,898</u>	<u>5,818,015</u>

12. PERPETUAL SECURITIES

On 27 July 2016 (the “Issue Date”), the Group issued USD denominated senior perpetual capital securities (“Perpetual Securities”) with an aggregate principal amount of USD120,000,000. The Perpetual Securities confer the holders a right to receive distributions at the applicable distribution rate from the Issue Date semi-annually in arrears in USD.

The principal terms of the Perpetual Securities are disclosed in the Group’s 2016 consolidated financial statements.

As the Perpetual Securities only impose contractual obligations on the Group to repay principal or to pay any distributions under certain circumstances which are at the Group’s discretion, they have in substance confer the Group an unconditional right to avoid delivering cash or other financial asset to settle contractual obligations, therefore they do not meet the definition for classification as financial liabilities. As a result, the whole instrument is classified as equity, and distributions if and when declared are treated as equity dividends.

Distribution of USD3,375,000 (equivalent to RMB22,940,000) has been provided and paid by the Company for the current interim period.

BUSINESS REVIEW

Results

In the first half of 2019, under the context of overall abundance of financing environment and marginal easing of industry policies and combined with changes in GDP, it was not difficult to identify that China's economy continued its modest growth with a consistently upward trend. In the first half of this year, China's real estate market investment continued its steady trend since last year. Regardless of the output value from the supply side, real estate investments in fixed assets from the demand side or growth rate of consumption, the data exceeded market expectation and the growth rate rebounded significantly.

Under the interaction of continuous policy patches on the supply side, flexible mobilization of supply, city policy and demand side regulation, the overheated and overcooled market trend has been mitigated to a certain extent, ensuring effective supply and market stability. For the six months ended 30 June 2019 (the "period under review"), the contracted sales of the Group amounted to approximately RMB25,605 million and the contracted gross floor area ("GFA") sold was 1,240,369 sq.m.. The overall sales performance was as sound as expected.

During the period under review, the Group recorded a total revenue of approximately RMB5,802 million, an increase of approximately 9% from the same period last year, primarily due to the increase in the revenue arising from the sales of properties. Profit for the period attributable to owners of the Company was approximately RMB706 million, representing a year-on-year increase of approximately 113%. Basic and diluted earnings per share attributable to owners of the Company amounted to RMB0.25 per share compared with RMB0.11 per share during the same period last year.

During the period under review, the total GFA sold and delivered amounted to 462,904 square meters and the average selling price was approximately RMB11,581 per square meter. Revenue derived from property sales was approximately RMB5,457 million, representing an increase of approximately 9% from approximately RMB4,990 million during the same period last year. The key projects completed and delivered in the first half of 2019 are as follows:

Item	City	Approximate area sold and delivered in 1H2019 sq.m.	Approximate sales recognized in 1H2019 RMB'000	Average selling price RMB/sq.m.
<i>Property</i>				
Greenland Nanning Central Plaza	Nanning	125,723	1,872,024	14,890
Greenland City	Haikou	140,577	1,209,825	8,606
China Resources • Greenland Triumph Arch	Xuzhou	71,519	843,232	11,790
Greenland Suzhou ONE	Suzhou	32,416	519,398	16,023
Greenland Lakeside Villa	Xuzhou	33,089	325,755	9,845
Greenland Hai Po Lan Ting	Kunming	5,315	79,500	14,958
Greenland Yunduhui Square	Kunming	10,449	76,251	7,297
Greenland Taiping Lake Resort	Huangshan	9,482	74,455	7,852
The Metropolitan	Kunming	6,802	59,545	8,754
Greenland Bihu International	Ningbo	6,597	59,241	8,980
Wuxiang Greenland Center	Nanning	4,237	59,570	14,059
Greenland Hai Chang Liu	Haikou	4,114	53,283	12,952
Greenland International Huadu	Nanning	5,102	37,197	7,291
Greenland Central Culture Center	Haikou	2,082	29,108	13,981
Greenland Lincoln Garden	Suzhou	2,897	28,125	9,708
Greenland Shanding Park	Taiyuan	565	9,632	17,048
Greenland Jiangnan Huafu	Suzhou	485	7,870	16,227
Greenland The Florea	Haikou	291	6,686	22,976
Nanning Greenland Center	Nanning	363	4,698	12,942
Songlong Town	Zhaoqing	611	3,489	5,710
Greenland Xiang Shu Hua Cheng	Kunming	188	1,848	9,830
Sub-total		462,904	5,360,732	11,581
<i>Carparking lot</i>				
Greenland Xi Shui Dong	Wuxi		24,818	
Greenland Hai Po Lan Ting	Kunming		22,818	
Greenland City	Haikou		12,685	
Greenland Nanning Central Plaza	Nanning		10,470	
The Metropolitan	Kunming		6,348	
Tiffany	Shanghai		5,467	
Greenland Jiangnan Huafu	Suzhou		5,107	
Greenland The Florea	Haikou		2,738	
China Resources • Greenland Triumph Arch	Xuzhou		2,570	
Greenland Cifi City	Hangzhou		2,102	
Greenland Hai Chang Liu	Haikou		1,339	
Sub-total			96,462	
Total property sales			5,457,194	

Contracted Sales

Leveraged on the strong brand influence, abundant resources, well established system and advanced management practices of its parent company, Greenland Holdings Corporation Limited (“Greenland Holdings”) (600606.SH), the Group actively developed high-quality projects, focused their efforts on integration of resources, and achieved well-targeted pricing strategy and project positioning. For the period under review, the contracted sales of the Company amounted to approximately RMB25,605 million, increasing by approximately RMB10,290 million compared with the same period of last year, representing an increase of approximately 67%. The corresponding contracted gross floor area was approximately 1,240,369 square meters and the average selling price was approximately RMB20,643 per square meter.

During the period under review, the main sources of contracted sales of the Group derived from the projects located in key areas such as Pan-Yangtze River Delta and Pan-Pearl River Delta, of which mainly included projects in Shanghai, Jiangsu and Guangxi, accounted for 45%, 16% and 13% of the total contracted sales respectively.

Strategic Cooperation

In February 2019, the Group and the Government of Dantu District, Zhenjiang City, Jiangsu Province entered into a cooperation framework agreement to render consultant services for design, investment planning and project construction development of reconstruction and upgrading of the land parcel in relation to the urban renewal construction project, the intercity station project and the nationality characteristic town project. The cooperation will give full play to advantages of Greenland Hong Kong such as urban planning and design, construction of intercity station as well as education and healthcare sectors, etc. to help Dantu Xincheng equip with a new development engine and assist Zhenjiang in achieving substantial improvement in urban cities.

On 6 May 2019, the Group officially announced the introduction of the 8th stop of the 2019 PGA Tour Series to the Group’s Greenland Huangshan Hidden Tiger Golf Club held from 17 June to 24 June 2019. PGA Tour China is a qualifying competition for the PGA Tour and is currently the top men’s professional golf tournament in China. At the same time, the Group is pleased to announce the entering into of a three-year strategic cooperation agreement with Beijing Shankai Sports Development Co., Ltd.* (北京盛開體育發展有限公司). Both parties will carry out cooperation pilot projects in the Greenland Taiping Lake Resort in Huangshan and intend to deepen their cooperation by holding international competition events, building a sports training center, purchase of sports products and themed catering, setting up of their headquarters for sports and cultural enterprises, in order to achieve a win-win situation and optimal allocation of resources. Leveraging on the synergies between our extensive coverage, deep exploration and international development vision and mature system of events operation of Shankai Sports, we strive to build a sports and leisure town with influence at international level, leading position at national level and demonstrative position for the Yangtze River Delta in five years. By making ambitious and innovative attempts in respect of the specific segment of “ecological sports tourism”, this strategic cooperation will also serve as another important layout and breakthrough for the Group in terms of culture, business and tourism businesses, which injects new energy into our sports business and upgrading our strategic model of “Real Estate +”.

Land Bank

During the period under review, the Group strategically increased quality land bank in cities of the Pan-Yangtze River Delta and the Belt and Road regions.

In March 2019, the Group won the bid for land parcels in Dongmeng Economic and Technological Development Zone in Nanning, Guangxi Province at a total consideration of approximately RMB661 million, with a total gross floor areas (“GFA”) of approximately 911,000 sq.m. at the average floor price of approximately RMB726 per square meter. With excellent geographical location, natural environment, transportation and sound ecological environment, the project will be developed as Phase II of Greenland Dongmeng International Town for residential, commercial and hotel use.

In April 2019, the Group successfully acquired a plot of land in Tongxiang at a total consideration of approximately RMB483 million with a total GFA of approximately 216,000 square meters at the average floor price of approximately RMB2,236 per square meter. The plot is located at the south side of Development Avenue, Economic Development Zone, Tongxiang City, Jiaxing City, Zhejiang Province. The plot is planned to be developed as Phase II of the Tongxiang Greenland Central Plaza which will be built into a new technology town of Tongxiang in the future.

In the same month, the Group further acquired one land parcel in Dantu District, Zhenjiang City, Jiangsu Province at a total consideration of approximately RMB561 million with a total GFA of approximately 150,400 square meters at the average floor price of approximately RMB3,733 per square meter. As the Group’s first entry in Zhenjiang, the parcel is located in the Dantu New Town of Zhenjiang City, adjacent to Yangshuo Expressway and Shanghai-Nanjing Expressway. As the key area of the municipal government, Dantu New Town is the center of future urban development. With further implementation of urban planning and strong presence of the Group, the value of this area will be further enhanced.

In May 2019, the Group successfully acquired a plot in the Dianchi district in Kunming at a total consideration of approximately RMB1,532 million. The plot will be developed as Phase II of Greenland Dian Lake International Health Town with a total GFA of approximately 418,300 square meters at the average floor price of approximately RMB3,662 per square meter. The project is located in the area covered by the Kunming Comprehensive Healthcare Industry Innovation Growth Pole and Thai-Malay Comprehensive Healthcare Corridor.

In June 2019, the Group successfully acquired several plots in Guangde County, Xuancheng City, Anhui Province at a total consideration of approximately RMB636 million. The plots have a total GFA of approximately 829,200 square meters at the average floor price of approximately RMB767 per square meter. The project is located in the high-speed rail new city area of Guangde County, only 3 kilometers away from the county government. As the first project in Xuancheng City, the Group will focus on the characteristics of industrial cluster and intensive crowd of the high-speed rail new city to create a lifestyle for the target population. The project is planned to be constructed into a high-speed rail comprehensive community that integrates educational resources, hotel resources, industrial offices, specialty businesses and eco-tourism.

In July 2019, the Group further acquired one plot in Yangzhong District, Zhenjiang City, Jiangsu Province at a total consideration of approximately RMB312 million with a planned GFA of approximately 157,700 square meters at the average floor price of approximately RMB1,980 per square meter for residential purpose.

Up to the date of this interim results announcement for the period under review, the Group held a land bank of approximately 20.1 million sq.m. mainly strategically located in the prime zones of major cities in the Pan-Yangtze River Delta and Pan-Pearl River Delta, which is sufficient to support its development in recent years. The Group will continue to seek additional high-quality land projects with promising potential of development.

Offshore Financing

In July 2019, the Group issued USD300 million 6% bonds due 2021. The net proceeds from the issuance were mainly used for offshore debt refinancing.

Outlook

In general, the national economy operated in a reasonable range in the first half of the year, continuing an overall stable, steady and progressive development trend. The housing problem is not only related to the well-being of the residents, but also economic growth and financial stability. With the passage of time, the real estate control policy has become increasingly sophisticated, mature, effective and tailored to local conditions. Looking forward to the second half of the year, downward pressure on the economy still exists. In addition, the Sino-US trade war is escalating with uncertainty. It is expected that China's real estate control policy will be stable. Targeted policy for specific city will remain the fundamentals of real estate regulation. Regulation and control are still mainly based on targeted policy for specific city, focusing on regulation of the supply side. In terms of financing environment, it is expected that easing margin will remain, but stimulus of demand is limited. The Group will consistently focus on its real estate business, further explore and preserve high-quality land parcels, expand the high-end residential market, penetrate the core cities in Pan-Yangtze River Delta and Pan-Pearl River Delta, stabilize its national presence, and address the multi-level consumers' demands in the real estate market. Furthermore, the Group will continuously advance the business strategy of "Real Estate +", establish property projects in sectors such as cultural and business tourism, sports life as well as medical and healthcare, reduce cost and raise efficiency, optimize investment structure, develop an efficient talent team and enhance its competitiveness and market influence so as to lay a solid foundation for the business development and work hard towards the sales target of hundred billion dollars.

FINANCIAL PERFORMANCE

Revenue

The total revenue of the Group for the first half of 2019 was approximately RMB5,802 million, representing an increase of approximately 9% compared with RMB5,302 million for the same period of 2018, mainly attributable to the increase of the revenue arising from the sales of properties.

Sales of properties, as the core business activities of the Group, generated revenue of approximately RMB5,457 million for the first half of 2019 (first half of 2018: approximately RMB4,990 million), accounting for approximately 94% of the total revenue and representing year-on-year increase of approximately 9%, mainly attributable to the rise in the total GFA sold and delivered during the period under review. The revenue of the Group from other segments mainly included the income deriving from the hotel and related services, property management and other services and lease of properties.

	1H2019 RMB'000	1H2018 RMB'000	Change RMB'000
Sales of properties and construction management service	5,457,194	4,990,433	466,761
Property management and other service	236,206	227,092	9,114
Hotel and related service	73,673	61,755	11,918
Rental income	34,516	22,681	11,835
Total	5,801,589	5,301,961	499,628

Cost of Sales

Cost of sales declined by approximately 8% from approximately RMB4,054 million for the first half of 2018 to approximately RMB3,739 million for the period under review. The cost of sales mainly comprised land costs, construction costs, capitalized finance costs and sales tax.

Gross Profit and Margin

Gross profit increased to approximately RMB2,063 million from approximately RMB1,248 million for the first half of 2018 and margin rose sharply from 24% to 36% for the period under review, mainly attributable to the efficient management over the cost control of the Group.

Other Income, Other Gains and Losses and Other Operating Expenses

Other income, other gains and losses and other operating expenses decreased from a loss of approximately RMB262 million in the first half of 2018 to approximately RMB125 million for the same period in 2019, which was mainly due to sharp decrease in foreign exchange loss resulted from devaluation of Renminbi during the period under review.

Operating Expenses

Due to the development and expansion of the Group, administrative expenses and selling and marketing expenses increased to RMB363 million and RMB320 million as compared with RMB281 million and RMB308 million for the same period of 2018, respectively.

Net Finance Costs

Net finance costs decreased to RMB39 million in the first half of 2019 from RMB109 million in the same period of 2018. The decrease was in line with the total balance of interest-bearing borrowings.

Gains on the Change in Fair Value of Investment Properties

The Group recorded fair value gains on investment properties of approximately RMB509 million for the period under review, as compared with gains of approximately RMB677 million for the same period of 2018. The fair value gains were mainly attributable to the investment properties in Shanghai.

Income Tax Expense

Income tax expense increased to RMB844 million in the first half of 2019 from RMB504 million for the same period of 2018, mainly due to more enterprise income tax and land appreciation tax provision for the properties delivered for the period with higher margin.

Profit and Total Comprehensive Income for the Period and that Attributable to Owners of the Company

The Group's profit and total comprehensive income for the period and that attributable to owners of the Company amounted to approximately RMB880 million and RMB706 million, representing a year-on-year increase of 90% and 113% compared with RMB463 million and RMB332 million in the same period of 2018, respectively, mainly due to the high gross profit and margin in the first half of 2019.

Financial Position

As at 30 June 2019, the Group's total equity was RMB14,312 million (31 December 2018: RMB13,945 million), total assets amounted to RMB95,006 million (31 December 2018: RMB90,230 million) and total liabilities stood at RMB80,694 million (31 December 2018: RMB76,285 million).

Liquidity and Financial Resources

The Group's business operations, bank loans and cash proceeds raised have been the primary source of liquidity of the Group, which have been applied in business operations and investment in development projects.

As at 30 June 2019, net gearing ratio (total borrowings less cash and cash equivalents (including restricted cash) over divided total equity) decreased to 50% (31 December 2018: 88%) and total cash and cash equivalents (including restricted cash) amounted to RMB10,547 million, with total borrowings of RMB17,719 million and an equity base of RMB14,312 million.

Treasury Policy

The business transactions of the Group were mainly denominated in RMB. Apart from fund raising transactions in the capital market, there is limited exposure to foreign exchange risk.

The Group has interest-bearing borrowings denominated in US dollar and Hong Kong dollar, while the operating income is mainly denominated in RMB. During the period under review, the fluctuation of RMB exchange rate posed pressure on the corporate financing cost and earnings performance. The Group's financial results were also affected to a certain degree. Therefore, up to the date of this announcement the Company has signed forward foreign exchange contracts in the aggregate principal amount of US\$50 million to hedge against the exchange risk while reverting RMB to US dollar. The Company will continue to monitor the trend of exchange rate of RMB against US dollar, and take appropriate measures to hedge against the risk in foreign currency exchange.

The Group has established a treasury policy with the objective of enhancing the control over treasury functions and lowering the costs of funds. In providing funds to its operations, funding terms have been centrally reviewed and monitored at Group level.

To minimize the interest risk, the Group continued to closely monitor and manage its loan portfolio by its existing agreements' interest margin spread with market interest rates and offers from the banks.

Credit Policy

Trade receivables mainly arose from sale and lease of properties and are settled in accordance with the terms stipulated in the sale & purchase agreements and lease agreements.

Pledge of Assets

As at 30 June 2019, the Group pledged properties, land use rights and time deposits with a carrying value of approximately RMB12.8 billion to secure bank facilities, and the total secured loan balance outstanding amounted to approximately RMB7.3 billion.

Financial Guarantees

As at 30 June 2019, the Group provided guarantees to banks for:

	30 June 2019 RMB'000	31 December 2018 RMB'000
Mortgage	<u>13,899,648</u>	<u>11,561,273</u>

Capital Commitment

	30 June 2019 RMB'000	31 December 2018 RMB'000
Property development business – Contracted, but not provided for	<u>15,735,875</u>	<u>13,487,602</u>

Human Resources

As at 30 June 2019, the Group employed a total of 3,632 employees (30 June 2018: 3,411). The Group has adopted a performance-based rewarding system to motivate its staff. In addition to a basic salary, year-end bonuses are offered to staff with an outstanding performance to attract and retain talent. The Group also provides various training programs to improve their skills and develop their respective expertise.

INTERIM DIVIDEND

The board of directors (the “Board”) of the Company has resolved not to pay an interim dividend for the six months ended 30 June 2019.

MATERIAL CHANGES

Save as disclosed in this announcement, there have been no material changes in respect of any other matters since the publication of the Company’s 2018 Annual Report.

CORPORATE GOVERNANCE

During the six-month period ended 30 June 2019, the Company had complied with the code provisions set out in the Corporate Governance Code (“CG Code”) contained in Appendix 14 of Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited except for code provisions A.2.1, A.4.2 and E.1.2 as described below.

Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. From 1 January 2019 to 30 June 2019, Mr. CHEN Jun had undertaken the role of both chairman of the Board and chief executive officer of the Company. The Company considers that the combination of the roles is conducive to the efficient formulation and implementation of the Group’s strategies and policies and such combination has not impaired the corporate governance practices of the Group. The balance of power and authority is ensured by the management of the Company’s affairs by the Board which meets regularly to discuss and determine issues concerning the operations of the Group.

Code provision A.4.2 stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. Pursuant to the Company’s articles of association, any person appointed as a director by the Board shall stand for re-election at the next following annual general meeting of the Company. Such arrangement is considered appropriate in light of the requirement of paragraph 4(2) of Appendix 3 to the Listing Rules which requires that any person appointed by the directors to fill a casual vacancy shall hold office only until the next following annual general meeting and shall then be eligible for re-election.

Code provision E.1.2 stipulates that the chairman of the Board should attend the AGMs. The chairman of the Board did not attend the AGM held on 28 June 2019 due to other business commitments.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has reviewed the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2019. In connection with such review, the Audit Committee has discussed with the management and the Company's external auditors on the accounting principles and policies adopted for the preparation of the said interim results.

EVENTS AFTER THE REPORTING PERIOD

On 17 July 2019, the Company issued bonds with an aggregate nominal amount of US\$300,000,000 at a rate of 6.0% per annum.

On 18 July 2019, the extraordinary general meeting of the Company approved the equity transfer agreement with BSREP III China Retail Holdings Limited, pursuant to which the Group agreed to sell 100% interest in the Prosper Spring Investment Co., Ltd. (details of which are set out in the Circular of the Company dated 25 June 2019).

On 26 July 2019, the Group distributed the dividend amounting to USD3,375,000 (equivalent to RMB23,240,000) of Perpetual Securities issued on 27 July 2016.

PUBLICATION OF 2019 INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the HKEXnews website at www.hkexnews.hk and the Company's website at www.greenlandhk.com. The 2019 interim report will be available on the HKEXnews website and the Company's website and despatched to Shareholders on or before 30 September 2019.

By Order of the Board
Greenland Hong Kong Holdings Limited
Chen Jun
Chairman

Hong Kong, 21 August 2019

As at the date of this announcement, the executive directors of the Company are Mr. Chen Jun, Mr. Wang Weixian, Mr. Hou Guangjun, Mr. Wu Zhengkui and Ms. Wang Xuling; and the independent non-executive Directors are Mr. Cheong Ying Chew, Henry, Mr. Fong Wo, Felix, JP, and Mr. Kwan Kai Cheong.