廣州富力地產股份有限公司

GUANGZHOU R&F PROPERTIES CO., LTD.*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock code: 2777)

2019 INTERIM RESULTS ANNOUNCEMENT

FINANCIAL SUMMARY

- Attributable contracted sales increased by 6% to RMB60.22 billion.
- Recognised revenue increased to RMB35.05 billion.
- Gross profit margin of the Group was 37.0% and gross profit margin from sale of properties was 41.0%.
- Net profit increased to RMB4.17 billion and net profit margin was 11.9%.
- Increase in cash reserves to RMB39.03 billion.
- Attributable land bank increased to 61.0 million sq.m..
- Interim dividend per share of RMB0.42.

The board of directors (the "Board") of Guangzhou R&F Properties Co., Ltd. (the "Company") are pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2019. The condensed consolidated interim financial information appended at the end of this announcement forms an integral part of this announcement. The interim results have been reviewed by the audit committee of the Company.

RESULTS AND DIVIDEND

For the six months ended 30 June 2019, the Group's total revenue increased by 3% to RMB35.053 billion and net profit increased by 2% to RMB4.170 billion over the corresponding period last year.

During the period, revenue and net profit from the Group's main business of property development increased by 2% and 6%, respectively, with revenue amounting to RMB29.975 billion and net profit to RMB4.582 billion. The increase in revenue and net profit was mainly due to an increase in the delivery of area sold to 2.87 million sq.m., representing an increase of 20% over the corresponding period last year. Recurring revenue from property investments and hotel segment during the period was RMB3.907 billion. Profitability from property investments continues to provide an important contribution to the Group with net profit margin (excluding revaluation) of 42.9%. The Board have resolved to declare an interim dividend of RMB 0.42 per share.

BUSINESS REVIEW

In the first half of 2019, market conditions continued to be challenging, as was the case for 2018. Amidst a backdrop of trade tensions and economic slowdown in the global economy, it inevitably had a ripple effect on China's economy and growth outlook. A deeper look into China's property sector, which is considered a pillar for various economic indicators and drivers of growth across China's industries, was more encouraging as it showed stable growth in terms of contracted sales during this period. Another notable knock-on effect from sentiment changes in global outlook, which displayed signs of an economic slowdown, led to consensus talks of a reduction in U.S. federal interest rates for 2019. As these talks increased, an inflow of capital into emerging markets fueled a flood of high yield bond issuances, particularly for Chinese property developers. It was during this period of active issuance that the Group took advantage of favourable market conditions to come to the offshore market to raise capital no less than five times, issuing up to US$2.25 billion of bonds to refinance short-term debt falling due, opportunistically term out short-term financing, and increase financial liquidity.

Despite the volatile conditions for China's property market, the Group still managed to achieve RMB60.22 billion of contracted sales in the first half of 2019, and GFA sold of 5.52 million sq.m., representing an increase of 6% and 25% year-on-year. Based on the Group's land bank of approximately 61 million sq.m., available presale permits, and scheduled launch of projects throughout 2019, the Group set a contracted sales target of RMB160 billion, attributed to the Group. The Group also set an internal target GFA delivery of approximately 9.2 million sq.m. for 2019 which is a leading driver of revenue. Heading into 2019, the Group had significant debts maturing within 12-months, but an influx of financing activity enabled the Group to fully refinance many of these maturities to beyond 2-years to 3-years and even longer. In the first half of 2019 alone, the Group had issued in the offshore market over US$2.83 billion in senior secured notes and project loans predominantly for refinancing and issued in onshore market of approximately RMB6.78 billion through issuing super & short-term commercial papers and corporate bonds. In addition, put options of domestic bonds maturing in the first half of 2019 with a total of RMB17.65 billion had been successfully extended in full. The significant financing activity undertaken by the Group amidst a background of uncertain outlook, is testament to the Group's high credit profile within the investor community and continued strong relationship support by financial institutions such as commercial and investment banks.

After a sustained period of year-on-year growth, the trend in China's property sector was relatively stable in terms of GFA sold and average selling prices. After a slow start to the year with lackluster first quarter sales, momentum picked in the second quarter as a result of relative easing policies such as relaxing hukou requirements and a further push for urbanisation of rural areas which stimulated higher property purchases. Similarly, other policy incentives introduced at the end of the first quarter included a number of national level policies, such as reserve rate reductions, and local city policy measures including adjusting purchase restrictions, were all favourable to the market. Overall, under the objectives of China's National Government to avoid property speculation and to stabilise property price, land cost and expectations in trends, the local governments continued to act consistently with the macro austerity and city-specific measures in recent years to develop a long-term stable and sustainable property sector focused on end user affordability and development.

Despite an increase in liquidity and financing channels, land acquisitions were initially subdued as developers' focus was on refinancing short-term debt and locking in favourable interest rates for longer maturities. However, after experiencing a prolonged period of growth in contracted sales over recent years, developers will be looking to replenish depleted landbank in order to continue maintaining their current scale or drive further growth. As contracted sales were slow in the first quarter, developers remained relatively cautious on the pace of land acquisitions. Nevertheless, land bank remains a key focus for developers as their scale has reached a significant size that requires continued replenishment. The Group has been active in the land banking market over the past two years and has an attributable land bank of 61.0 million sq.m. of GFA for sale as at the end of the first half of 2019. Having acquired a sizeable land bank, the Group's land acquisitions in the first half was more moderate with 6.5 million sq.m. of GFA acquired at an average of RMB2,700 per sq.m. across 22 cities in China. Based on the Group's current attributable land bank and saleable resources, the Group has an estimated development pipeline which can be sustained for an expected 4-years to 5-years. With ample land bank at hand and projects under development, the Group has the luxury to be more selective on accumulating land bank for the remainder of the year.

It's expected land banking activity will continue to be active and land prices to remain high, hence, a key theme of developers recently has been city redevelopment and village resettlement as a means of replenishing a lower cost land bank or acquiring land in prime locations. In terms of the land bank strategy, the Group has long been actively engaging in city redevelopment as a means of increasing land bank in difficult or high land cost locations. Across China, the Group is currently engaging in over 60 city relocation projects with planned GFA of over 60 million sq.m. of potential land bank with a focus in cities such as Guangzhou, Taiyuan, Tianjin, Zhengzhou, Xi'an, Foshan, Zhuhai and others. Having a long-term successful record in city relocation projects in Guangzhou, the Group has demonstrated its experience and expertise in conversion of these potential opportunities into the Group's future land bank.

The Group's contracted sales in the first half was relatively stable with an increase of 6% and 25%, respectively, in terms of sales value and GFA sold. In terms of city breakdown, two-thirds of contracted sales were in tier-1 and tier-2 cities whilst the remainder were in tier-3 and overseas cities. Based on the Group's regional distribution, the largest contribution of sales was from Northern China accounting for approximately 26% of sales value followed by Eastern China and Northwestern China with approximately 22% and 21% of sales value, respectively. In terms of product mix, normal residential buildings representing the majority of sales, accounting for approximately 78% of sales followed by high-end residential and commercial buildings, individually accounting for less than 10% each. With regards to average selling price (ASP) trends, contracted sales has been steady at RMB10,900 per sq.m. versus delivery ASP of RMB10,400 per sq.m., both of which is expected to continue in the near term.

As alluded to earlier, the overall financing market for property developers remains positive and robust, attracting investors seeking shelter in property sector high yield bonds as global interest rates trended lower. In the first half of 2019, among the Group's new financings, a total of RMB38.69 billion were in China and US$2.83 billion (or equivalent of RMB19.43 billion) were outside China. Overall financing rates were relatively stable at 6.27% for China and slightly higher at 7.29% outside China, however, maturities outside China saw longer tenors when compared to bonds issued in 2018, indicating longer term confidence by investors in the sector. For the Group, another indication of credit confidence was the extension of investor put options of China domestic bonds maturing in the first half totalled up to RMB17.65 billion. The Group's onshore credit profile and long-term credit history continues to illustrate the Group's strong relationship with commercial banks in China. After the various financing activities, the Group still has sufficient unused quota for banking facilities and issuance of direct financing products in the public market.

GOING FORWARD

As the Group heads into the second half, we remain cautiously optimistic about reaching our full year targets with clear directions and initiatives regarding sales, land acquisitions, and development pipeline. Management expects the macroeconomic environment to continue to be challenging but we remain confident that China will still achieve stable GDP growth which will form the basis for the long-term stable development of the property sector. The Group has achieved multiple growth periods of contracted sales growth to enable the Group to focus on profit delivery in 2019. Despite a proportionately lower delivery schedule in the first half of 2019 leading to a moderate increase in revenue and profits as compared to the same period in 2018, the accumulated contracted sales yet to be delivered ensures full year revenue and earnings are expected to increase over 2018. The Group will focus on achieving its operating targets in order to be in line with the revenue and profit outlooks.

Investment income has been growing steadily and continues to generate a sizeable recurring income and cashflow. Hotel revenue was RMB3.34 billion and investment property revenue has grown steadily to RMB0.57 billion. The Group will continue to review the operating performance of its 90 hotel portfolio to improve operating efficiency, in the first half of 2019, hotel net operating profit (before finance costs, amortisation and taxation) increased 7% to RMB0.63 billion. In addition to providing a steady revenue source, the hotel assets continue to realise increases in market value as the hotel assets mature. With a unique portfolio of hotel assets, the Group will look to unleash its value or further increase its financing effectiveness either in REIT like products or asset financing which is both lower cost and longer term.

FINANCIAL REVIEW

The Group's net profit for the six months ended 30 June 2019 increased to RMB4.170 billion, from RMB4.080 billion for the corresponding period last year. Revenue from the Group's core business of property development accounted for 86% of the Group's total revenue and amounted to RMB29.975 billion. Compared to the previous period, net profit from property development increased by 6% to RMB4.582 billion, based on a delivery of 2,873,000 sq.m. in terms of saleable area in the period. Profit from property investment, not including any fair value gain, was RMB243 million. Fair value gain in the period amounted to RMB435 million. Revenue from hotel operations and other segments was RMB4.513 billion.

The following comments on the components of the income statement, with the exception of #6 (on finance costs) and #9 (on net profit), relate only to property development:

1. Revenue increased by 2% to RMB29.975 billion, from RMB29.306 billion in the same period in 2018. They were distributed in 75 cities during the period. The amount of saleable area sold increased by 20% to 2,873,000 sq.m. from 2,390,000 sq.m.. The overall average selling price decreased by 15%, from RMB12,300 per sq.m. to RMB10,400 per sq.m. This decrease in overall selling price was due to the contribution of new projects during the period accounted for 23% of the total revenue which usually had a lower selling price to attract customers for new launch. The top three projects, R&F City in Chongqing, R&F Central Park in Yueqing and R&F City in Huhhot, which individually had revenue of over RMB1.4 billion and a combined revenue of RMB5.293 billion or 18% of total revenue and carried average selling price from RMB7,700 to RMB18,800 per sq.m.. Based on revenue distribution by cities in the period, Wuxi has the highest revenue of all cities where the Group operates. It accounted for 7% of total revenue. In terms of amount, revenue in Wuxi amounted to RMB2.028 billion and was mainly derived from R&F Yunhe No.10. Chongqing's revenue ranked second with revenue amounted to RMB2.028 billion in the period, equivalent to 7% in total. Yueqing ranked third with revenue amounted to RMB1.911 billion and was mainly derived from R&F Central Park. These top three cities ranked by revenue in the period, Wuxi, Chongqing and Yueqing, together accounted for 20% of total revenue as compared to 25% from the top three cities (Beijing, Huizhou and Putian) in the previous period. The remaining 80% of revenue for this period was contributed by the other 72 cities in which the Group operated, the more significant of which were Nanchang, Huhhot, Taiyuan, Putian, Huzhou, Jiangmen and Nantong contributed more than RMB1 billion each.

The following is the summary of revenue by city:

City	Amount of turnover *(in RMB million)*	Saleable area sold *(sq.m.)*	Average Selling Price *(RMB/sq.m.)*
Wuxi	2,028	115,100	17,620
Chongqing	2,028	255,100	7,950
Yueqing	1,911	101,800	18,770
Nanchang	1,582	155,900	10,150
Huhhot	1,496	194,000	7,710
Taiyuan	1,468	188,200	7,800
Putian	1,438	122,200	11,770
Huzhou	1,201	114,900	10,450
Jiangmen	1,185	151,100	7,850
Nantong	1,039	117,600	8,830
Beijing	942	37,400	25,210
Shijiazhuang	928	62,500	14,850
Huizhou	862	104,900	8,220
Tianjin	829	80,200	10,330
Baotou	752	113,100	6,650
Harbin	724	51,900	13,960
Yantai	718	90,400	7,940
Tangshan	715	74,400	9,620
Meizhou	680	90,500	7,520
Fuyang	677	92,900	7,280
Zhuhai	669	33,200	20,150
Guangzhou	623	26,500	23,500
Fuzhou	617	20,900	29,570
Cambodia	541	44,500	12,160
Hangzhou	484	31,000	15,610
Malaysia	479	29,500	16,260
Guiyang	444	48,400	9,160
Dongying	378	33,300	11,340
Chuzhou	377	55,700	6,760
Ningbo	285	29,100	9,820
Hainan	250	7,800	32,050
Qinhuangdao	246	23,700	10,370
Foshan	184	17,300	10,650
Anshan	180	21,800	8,280
Nanjing	174	8,700	19,960
Wenzhou	125	10,000	12,420
Chengdu	123	16,400	7,490

City	Amount of turnover	Saleable area sold	Average Selling Price
	(in RMB million)	*(sq.m.)*	*(RMB/sq.m.)*
Shenyang	116	11,000	10,470
Tieling	93	10,600	8,830
Australia	91	2,300	39,080
Xiangtan	89	11,000	8,100
Datong	88	12,500	7,050
Others	116	53,700	2,180
Total	29,975	2,873,000	10,400

2. Cost of goods sold consists of land and construction costs, capitalised finance costs and levy and business tax. For the current period, land and construction costs made up 95% of the Group's total costs. In terms of costs per sq.m., land and construction costs decreased to RMB5,830 from RMB6,180 in the previous period. A main reason for this decrease was that, compared to previous period, a larger portion of the period's total revenue came from delivery of housing projects with lower land and construction costs. The top and third two projects in revenue, R&F City in Chongqing and R&F City in Huhhot both carried low land and construction costs per sq.m. of average RMB3,880. Capitalised interest included in the period's cost of goods sold amounted to RMB745 million, representing approximately 4% of total costs. As a percentage of revenue from sale of properties, capitalised interest was 2.5%. The cost of goods sold also included RMB166 million in levy and business tax, making up 1% of costs.

3. Overall gross margin for the period was 41.0%, as compared to 43.2% in the same period in 2018. The top five cities ranked by revenue in the period, Wuxi, Chongqing, Yueqing, Nanchang and Huhhot, accounted for 30% of total revenue. The gross margins of the cities are 31.8%, 48.2%, 35.7%, 33.1% and 42.7% respectively.

4. Other income and other gains-net were mainly the result of interest income.

5. Selling and administrative expenses for the period increased by 20% or RMB554 million, to RMB3.362 billion. This increase was in line with selling and marketing activities in more cities. Selling and administrative expenses as a percentage of revenue increased to 11.2 % from 9.6%.

6. Finance costs decreased 12% to RMB2.408 billion for the period (1H 2018: RMB2.746 billion), which includes total interest expenses of RMB6.330 billion, a net foreign exchange loss of RMB127 million incurred in the period and after deducting capitalised interest of RMB4.049 billion to development projects. The 38% increase in total interest expenses was related to an increase of average borrowings outstanding to RMB185.2 billion from RMB153.1 billion in the previous corresponding period. Together with RMB779 million charged to cost of goods sold related to capitalised interest, the total finance costs incurred during the period amounted to RMB3.187 billion.

7. The share of result of associates was mainly derived from the Group's 45% share in the Henan Jian Ye project. The share of results of joint ventures were mainly from a 33.34% interests in Guangzhou Liedecun project, 25% interests in Tianjin Jinnan New Town project, 50% interests in Hines Shanghai New Jiangwan project, 60% interests in Guizhou Daxinan project, 50% interests in Nanning Fuya Business Park project and 50% interests in Guangzhou Senhua project. These seven projects mentioned had a combined revenue of RMB3.755 billion.

8. Land appreciation tax (LAT) of RMB1.855 billion (1H 2018: RMB2.057 billion) and Enterprise Income Tax of RMB1.516 billion (1H 2018: RMB1.759 billion) brought the Group's total income tax expenses for the period to RMB3.371 billion. As a percentage of revenue, LAT decreased to 6.2% from 7.0% for the same period in 2018. The effective enterprise income tax rate was 25% (1H 2018: 29%).

9. Overall, the Group's net profit margin for the period was stabled at 11.9% when compared to the previous period reflecting a little change in gross margin from property development.

OTHER INFORMATION

Purchase, Redemption or Sale of Listed Securities of the Company

During the six months ended 30 June 2019, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

Compliance with the Model Code by Directors and Supervisors of the Company

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") laid out in Appendix 10 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as the code of conduct for directors and supervisors in any dealings in the Company's securities. The Company has made specific enquiries of each director and supervisor, each of whom has confirmed their compliance with the Model Code during the six months ended 30 June 2019.

Compliance with the Corporate Governance Code

The Group is committed to enhancing its corporate governance practices and procedures. It complies strictly with the PRC Company Law and other applicable laws and regulations. In particular, it has observed the principles and code provisions set out under the Corporate Governance Code and Corporate Governance Report as stated in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2019.

Audit Committee

The audit committee of the Company was established with written terms of reference in accordance with Appendix 14 to the Listing Rules. The audit committee is delegated by the Board to be responsible for reviewing the accounting policies and practices adopted by the Group as well as reviewing internal control, risk management and financial reporting matters of the Group. There were no disagreements from the audit committee or the external auditors on the accounting policies adopted by the Company.

The audit committee comprises Mr. Wong Chun Bong (chairman of the audit committee) and Mr. Zheng Ercheng who are independent non-executive directors of the Company and Ms. Li Helen who is a non-executive director of the Company. The audit committee has reviewed the unaudited interim results of the Company for the six months ended 30 June 2019. The Company's auditor, PricewaterhouseCoopers, has also reviewed the unaudited condensed consolidated interim financial information for the period in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

Interim Dividend Payment and Closure of Register of Members

The Board has declared an interim dividend for the six months ended 30 June 2019 (the "Interim Dividend") of RMB0.42 per share to shareholders whose names appear on the register of members of the Company as at the close of business on 20 September 2019. The Interim Dividend will be paid on 25 October 2019.

The H share register of members of the Company will be closed from 16 September 2019 (Monday) to 20 September 2019 (Friday) (both dates inclusive), during which period no transfer of H shares will be registered. In order to establish entitlements to the Interim Dividend, all the share transfer documents must be lodged with the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 13 September 2019 (Friday).

According to the Company's articles of association, dividend payable to shareholders shall be calculated and declared in RMB. Dividends payable to holders of the Company's domestic shares shall be paid in RMB, whereas dividends payable to holders of the Company's H shares shall be in Hong Kong Dollar. The exchange rate to be adopted shall be the average closing rate of the one-week period preceding the date of declaration of dividend as announced by the People's Bank of China. The Interim Dividend is also subject to PRC withholding tax.

The average of the closing exchange rates for RMB to Hong Kong Dollar as announced by the People's Bank of China for the one-week period prior to 22 August 2019, the date on which the Interim Dividend was declared, was RMB0.89734 to HK$1.00. Accordingly, the amount of Interim Dividend payable per H share is HK$0.468050.

According to the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) and its implementation regulations (the "EIT Law"), the tax rate of the enterprise income tax applicable to the income of a non-resident enterprise deriving from the PRC is 10%. For this purpose, any H shares registered under the name of non-individual enterprise, including the H shares registered under the name of HKSCC Nominees Limited, other nominees or trustees, or other organizations or entities, shall be deemed as shares held by non-resident enterprise shareholders (as defined under the EIT Law). The Company will distribute the dividend to those non-resident enterprise shareholders subject to a deduction of 10% enterprise income tax withheld and paid by the Company on their behalf.

Any resident enterprise (as defined under the EIT Law) which has been legally incorporated in the PRC or which was established pursuant to the laws of foreign countries (regions) but has established effective administrative entities in the PRC, and whose name appears on the Company's H share register should deliver a legal opinion ascertaining its status as a resident enterprise furnished by a qualified PRC lawyer (with the official chop of the law firm issuing the opinion affixed thereon) and relevant documents to Computershare Hong Kong Investor Services Limited in due course, if they do not wish to have the 10% enterprise income tax withheld and paid on their behalf by the Company.

Pursuant to the Notice on the Issues on Levy of Individual Income Tax after the Abolishment of Guoshuifa (1993) No. 045 Document (關於國稅發(1993)045號文件廢止後有關個人所得稅徵管問題的通知) (the "Notice") issued by the State Administration of Taxation on 28 June 2011, the dividend to be distributed by the PRC non-foreign invested enterprise which has issued shares in Hong Kong to the overseas resident individual shareholders, is subject to the individual income tax with a tax rate of 10% in general.

However, the tax rates for respective overseas resident individual shareholders may vary depending on the relevant tax agreements between the countries of their residence and Mainland China. Thus, 10% individual income tax will be withheld from the dividend payable to any individual shareholders of H shares whose names appear on the H share register of members of the Company on the record date, unless otherwise stated in the relevant taxation regulations, tax treaties or the Notice.

Profit Distribution to Investors of Southbound Trading

For investors of the Shanghai Stock Exchange and Shenzhen Stock Exchange (including enterprises and individuals) investing in the H shares of the Company listed on the Hong Kong Stock Exchange (the "Southbound Trading"), the Company has entered into the Agreement on Distribution of Cash Dividends of H shares for Southbound Trading (港股通H股股票現金紅利派發協議) with the Shanghai Branch and Shenzhen Branch of China Securities Depository and Clearing Corporation Limited ("China Securities"), pursuant to which, China Securities, as the nominee of the holders of H shares for Southbound Trading, will receive all cash dividends distributed by the Company and distribute the cash dividends to the relevant investors of H shares of Southbound Trading through its depositary and clearing system. The cash dividends for the investors of H shares of Southbound Trading will be paid in RMB. Pursuant to the relevant requirements under the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知) (Caishui 2014 No. 81) and the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (關於深港股票市場交易互聯互通機制試點有關稅收政策的通

知) (Caishui 2016 No. 127), for dividends received by domestic investors from investing in H shares listed on the Hong Kong Stock Exchange through the Southbound Trading, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in H shares listed on the Hong Kong Stock Exchange through the Southbound Trading, the tax payable shall be the same as that for individual investors. The company of such H shares will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

All investors are requested to read this part carefully. Shareholders are recommended to consult their taxation advisors regarding their holding and disposing of H shares of the Company for the PRC, Hong Kong and other tax effects involved.

The Company has appointed Bank of China (Hong Kong) Trustee Limited as the receiving agent in Hong Kong and will pay to the receiving agent the Interim Dividend for payment to holders of H shares on 25 October 2019. Cheques will be dispatched to holders of H shares by ordinary post at their own risk.

ACKNOWLEDGEMENTS

The continued success of the Group is not without the support of its shareholders, investors, business associates and customers for their confidence in management's ability, which I sincerely extend my appreciation and gratitude. Under a tough operating environment, it is equally vital that the Group's directors, management, and staff stay focused and the Group's underlying business. I would like to thank all directors, management and significant staff of thousands on their commitment and loyalty during this period. Together, I and our team will be able to see out this turbulent financial year with another successful result.

By Order of the Board
Guangzhou R&F Properties Co., Ltd.
Li Sze Lim
Chairman

Hong Kong, 22 August 2019

As at the date of this announcement, the executive directors of the Company are Dr. Li Sze Lim, Mr. Zhang Li, Mr. Zhou Yaonan and Mr. Lu Jing; the non-executive directors are Ms. Zhang Lin and Ms. Li Helen; and the independent non-executive directors are Mr. Zheng Ercheng, Mr. Ng Yau Wah, Daniel and Mr. Wong Chun Bong.

* *For identification purpose only*

(All amounts in RMB Yuan thousands unless otherwise stated)

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

	Note	**Unaudited 30 June 2019**	Audited 31 December 2018
ASSETS			
Non-current assets			
Land use rights		–	9,979,114
Property, plant and equipment		**34,528,576**	34,896,876
Right-of-use assets		**10,829,172**	–
Investment properties		**29,787,714**	29,019,386
Intangible assets		**1,269,625**	1,110,022
Interests in joint ventures		**10,554,991**	10,265,788
Interests in associates		**569,943**	390,718
Deferred income tax assets		**10,378,894**	8,716,280
Financial assets at fair value through other comprehensive income		**652,889**	627,967
Trade and other receivables and prepayments	*6*	**75,639**	112,139
		98,647,443	95,118,290
Current assets			
Properties under development		**168,355,253**	150,197,550
Completed properties held for sale		**47,609,954**	41,967,903
Inventories		**901,809**	974,331
Trade and other receivables and prepayments	*6*	**42,094,038**	36,876,446
Contract assets		**1,552,633**	724,178
Tax prepayments		**7,303,673**	5,628,668
Restricted cash		**15,571,076**	14,923,681
Cash and cash equivalents		**23,458,405**	19,782,883
		306,846,841	271,075,640
Total assets		**405,494,284**	366,193,930

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	Unaudited 30 June 2019	Audited 31 December 2018
EQUITY			
Equity attributable to owners of the Company			
Share capital		**805,592**	805,592
Other reserves		**4,891,892**	4,864,287
Retained earnings		**63,934,104**	62,581,085
		69,631,588	68,250,964
Non-controlling interests		**1,816,323**	1,609,620
Total equity		**71,447,911**	69,860,584
LIABILITIES			
Non-current liabilities			
Long-term borrowings		**137,633,343**	110,948,510
Lease liabilities		**148,525**	–
Deferred income tax liabilities		**7,804,904**	7,665,675
		145,586,772	118,614,185
Current liabilities			
Accruals and other payables	*7*	**70,799,212**	67,434,238
Contract liabilities		**39,441,997**	39,306,378
Current income tax liabilities		**18,489,187**	18,628,381
Dividend payable		**1,714,934**	–
Short-term borrowings		**15,256,095**	13,788,898
Current portion of long-term borrowings		**42,610,356**	38,561,266
Lease liabilities		**147,820**	–
		188,459,601	177,719,161
Total liabilities		**334,046,373**	296,333,346
Total equity and liabilities		**405,494,284**	366,193,930

(All amounts in RMB Yuan thousands unless otherwise stated)

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

		Unaudited	
		Six months ended 30 June	
	Note	**2019**	2018
Revenue	*5*	**35,053,257**	34,087,108
Cost of sales		**(22,089,336)**	(20,950,374)
Gross profit		**12,963,921**	13,136,734
Other income	*8*	**435,028**	320,008
Other gains – net	*9*	**452,439**	383,717
Selling and marketing costs		**(1,366,014)**	(1,053,541)
Administrative expenses		**(3,091,630)**	(2,685,641)
Net impairment losses on financial and contract assets		**(2,747)**	(39,219)
Gains on bargain purchase		**–**	319,711
Operating profit		**9,390,997**	10,381,769
Finance costs	*10*	**(2,407,639)**	(2,746,438)
Share of results of associates		**99,874**	(51,247)
Share of results of joint ventures		**330,382**	140,094
Profit before income tax		**7,413,614**	7,724,178
Income tax expenses	*11*	**(3,243,898)**	(3,644,111)
Profit for the period		**4,169,716**	4,080,067
Profit attributable to:			
– Owners of the Company		**4,027,584**	3,923,067
– Holders of perpetual capital instruments		**–**	33,433
– Non-controlling interests		**142,132**	123,567
		4,169,716	4,080,067
Basic and diluted earnings per share for profit attributable to owners of the Company (expressed in RMB Yuan per share)		**1.2499**	1.2174

(All amounts in RMB Yuan thousands unless otherwise stated)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Unaudited	
	Six months ended 30 June	
	2019	2018
Profit for the period	**4,169,716**	4,080,067
Other comprehensive income/(loss)		
Items that may be reclassified to profit or loss		
– Share of other comprehensive loss of joint ventures accounted for using the equity method	**(7,370)**	–
– Currency translation differences	**(893)**	(22,736)
Items that will not be reclassified to profit or loss		
– Change in fair value of financial assets at fair value through other comprehensive income, net of tax	**35,868**	(41,910)
Other comprehensive income/(loss) for the period, net of tax	**27,605**	(64,646)
Total comprehensive income for the period	**4,197,321**	4,015,421
Total comprehensive income for the period attributable to:		
– Owners of the Company	**4,055,189**	3,858,421
– Holders of perpetual capital instruments	–	33,433
– Non-controlling interests	**142,132**	123,567
	4,197,321	4,015,421

(All amounts in RMB Yuan thousands unless otherwise stated)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

Guangzhou R&F Properties Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") are principally engaged in the development and sale of properties, property investment, hotel operations and other property development related services in the People's Republic of China (the "PRC").

The Company is a limited liability company incorporated in the PRC. The address of its registered office is 45-54/F, R&F Center, No.10 Hua Xia Road, Guangzhou 510623, the PRC.

The shares of the Company have been listed on The Main Board of Stock Exchange of Hong Kong Limited since 14 July 2005.

This condensed consolidated interim financial information is presented in RMB Yuan (RMB), unless otherwise stated. This condensed consolidated interim financial information was approved for issue on 22 August 2019.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2019 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim financial reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

3. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the 2018 financial statements as described therein.

(a) New and amended standards and interpretation adopted by the Group

The following new or amended standards and interpretation are mandatory for the first time for the financial year beginning on 1 January 2019.

Standards	Subject
HKFRS 9 (Amendment)	Prepayment Features with Negative Compensation
HKAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement
HKAS 28 (Amendment)	Long-term Interests in Associates and Joint Ventures
HKFRS 16	Leases
Annual Improvements 2015-2017 Cycle	Improvements to HKFRSs
HK (IFRIC) 23	Uncertainty over Income Tax Treatments

(All amounts in RMB Yuan thousands unless otherwise stated)

The impact of the adoption of HKFRS 16 are disclosed in Note 4 below. The other standards, amendments and interpretation did not have a material impact or are not relevant to the Group.

The Group has elected to early adopt HKFRS 3 (Amendments) for acquisitions that occur on or after 1 January 2019. As the acquisitions occurred during the six months ended 30 June 2019 did not meet the definition of business neither before or after the amendments, there is no impact on the Group for the six months ended 30 June 2019.

(b) New and amended standards not yet adopted by the Group

Certain new and amended standards have been issued and are not effective for financial year beginning 1 January 2019 and have not been early adopted by the Group. None of these is expected to have a significant effect on the Group.

Standards	**Subject**	**Effective for annual periods beginning on or after**
HKAS 1 and HKAS 8 (Amendments)	Definition of Material	1 January 2020
HKFRS 17	Insurance Contracts	1 January 2021
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

4. CHANGE IN ACCOUNTING POLICIES

This note explains the impact of the adoption of HKFRS 16 Leases on the Group's financial information and discloses the new accounting policies that have been applied from 1 January 2019 in Note(b) below.

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 the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

(a) Adjustments recognised on adoption of HKFRS 16

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019.

For leases previously classified as finance leases, the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principles of HKFRS 16 are only applied after that date.

(All amounts in RMB Yuan thousands unless otherwise stated)

Operating lease commitments disclosed as at 31 December 2018	141,938
Discounted using the lessee's incremental borrowing rate of at the date of initial application	118,373
Add: finance lease liabilities recognised as at 31 December 2018	135,216
Less: short-term and low-value leases recognised on a straight-line basis as expense	(15,914)
Lease liabilities recognised as at 1 January 2019	237,675
Of which are:	
Current lease liabilities	123,736
Non-current lease liabilities	113,939
	237,675

The associated right-of use assets were measured at the amount equal to the lease liability, 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 land use rights are reclassified to right-of-use assets as of 1 January 2019.

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

	As at	
	30 June 2019	1 January 2019
Land and buildings	**10,154,328**	10,087,947
Transportation equipment	**674,844**	708,732
Total right-of-use assets	**10,829,172**	10,796,679

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

Land use rights	–	RMB9,979,114,000 reclassified to right-of-use assets
Property, plant and equipment	–	RMB708,732,000 reclassified to right-of-use assets
Right-of-use assets	–	increased by RMB10,796,679,000
Trade and other receivables and prepayments	–	decreased by RMB6,374,000
Long-term borrowings	–	decreased by RMB46,057,000
Current portion of long-term borrowings	–	decreased by RMB89,159,000
Lease liabilities	–	increased by RMB237,675,000

No significant impact on the Group's net profit after tax for the six months ended 30 June 2019 as a result of adoption of HKFRS 16.

(All amounts in RMB Yuan thousands unless otherwise stated)

(i) Impact on segment disclosures

Adjusted segment assets and segment liabilities for June 2019 all increased as a result of the change in accounting policy. Lease liabilities are now included in segment liabilities, whereas finance lease liabilities were previously excluded from segment liabilities. The following segments were affected by the change in policy:

	Segment assets	Segment liabilities
Property development	131,450	212,083
Hotel operations	15,617	15,037
All other segments	69,133	69,225
	216,200	296,345

(ii) Practical expedients applied

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

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

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

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

The Group leases various land use rights, offices, warehouses, office equipment and transportation equipment. Rental contracts are typically made for fixed periods of 2 to 60 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leased assets except for those with land use rights certificate may not be used as security for borrowing purposes.

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

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

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

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

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

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

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

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment.

5. SEGMENT INFORMATION

(a) Description of segments and principal activities

The chief operating decision-maker has been identified as the Executive Directors. Management has determined the operating segments based on the information reviewed by the Executive Directors for the purpose of allocating resources and assessing performance.

(All amounts in RMB Yuan thousands unless otherwise stated)

As almost the entire Group's consolidated revenue and results are attributable to the market in the PRC and almost all of the Group's consolidated assets are located in the PRC, the Executive Directors consider the business mainly from product perspective. The Group is principally engaged in property development, property investment and hotel operations. Other services provided by the Group mainly represent property management. The results of these operations are included in the "all other segments" column.

The Executive Directors assess the performance of the operating segments based on a measure of profit for the period. The information provided to the Executive Directors is measured in a manner consistent with that in the financial statements.

(b) Segment performance

The segment information provided to the Executive Directors for the reportable segments for the six months ended 30 June 2019 and 2018 are as follows:

	Property development	Property investment	Hotel operations	All other segments	Group
Six months ended 30 June 2019					
Segment revenue	29,974,542	635,038	3,380,398	1,801,648	35,791,626
Recognised at a point in time	18,509,109	–	–	–	18,509,109
Recognised over time	11,465,433	–	3,380,398	1,801,648	16,647,479
Revenue from other sources – rental income	–	635,038	–	–	635,038
Inter-segment revenue	–	(69,400)	(38,791)	(630,178)	(738,369)
Revenue from external customers	29,974,542	565,638	3,341,607	1,171,470	35,053,257
Profit/(loss) for the period	4,582,073	569,301	(420,230)	(561,428)	4,169,716
Finance costs	(1,872,811)	(104,115)	(426,903)	(3,810)	(2,407,639)
Share of results of joint ventures	330,975	–	–	(593)	330,382
Share of results of associates	99,876	–	–	(2)	99,874
Income tax (expenses)/credits	(3,371,235)	(189,210)	139,883	176,664	(3,243,898)
Depreciation and amortisation of property, plant and equipment, right-of-use assets and intangible assets	(165,726)	–	(751,198)	(66,638)	(983,562)
Amortisation of incremental costs for obtaining contracts with customers	(226,412)	–	–	–	(226,412)
(Allowance for)/reversal of allowance for impairment losses on financial and contract assets	(1,122)	–	(4,137)	2,512	(2,747)
Fair value gains on investment properties – net of tax	–	326,797	–	–	326,797

(All amounts in RMB Yuan thousands unless otherwise stated)

	Property development	Property investment	Hotel operations	All other segments	Group
Six months ended 30 June 2018					
Segment revenue	29,305,594	582,295	3,367,210	1,107,577	34,362,676
Recognised at a point in time	16,143,975	–	–	–	16,143,975
Recognised over time	13,161,619	–	3,367,210	1,107,577	17,636,406
Revenue from other sources – rental income	–	582,295	–	–	582,295
Inter-segment revenue	–	(59,437)	(39,431)	(176,700)	(275,568)
Revenue from external customers	29,305,594	522,858	3,327,779	930,877	34,087,108
Profit/(loss) for the period	4,318,295	429,917	(184,147)	(483,998)	4,080,067
Finance costs	(2,254,495)	(119,967)	(365,425)	(6,551)	(2,746,438)
Share of results of joint ventures	140,161	–	–	(67)	140,094
Share of results of associates	(45,730)	–	–	(5,517)	(51,247)
Income tax (expenses)/credits	(3,815,692)	(143,200)	159,150	155,631	(3,644,111)
Gains on bargain purchase	26,409	–	293,302	–	319,711
Depreciation and amortisation of property, plant and equipment, intangible assets and land use rights	(80,518)	–	(800,403)	(33,612)	(914,533)
Amortisation of incremental costs for obtaining contracts with customers	(61,336)	–	–	–	(61,336)
Allowance for impairment losses on financial and contract assets	(32,671)	–	(3,022)	(3,526)	(39,219)
Fair value gains on investment properties – net of tax	–	178,646	–	–	178,646

(All amounts in RMB Yuan thousands unless otherwise stated)

Sales between segments are carried out at arm's length. The revenue from external parties reported to the Executive Directors is measured in a manner consistent with that in the condensed consolidated interim income statement.

	Property development	Property investment	Hotel operations	All other segments	Group
As at 30 June 2019					
Segment assets	**323,152,940**	**29,787,714**	**38,773,128**	**2,748,719**	**394,462,501**
Segment assets include:					
Interests in joint ventures	**10,552,991**	**–**	**–**	**2,000**	**10,554,991**
Interests in associates	**488,689**	**–**	**–**	**81,254**	**569,943**
Additions to non-current assets (other than financial instruments and deferred income tax assets)	**633,923**	**333,156**	**553,431**	**364,307**	**1,884,817**
Segment liabilities	**103,738,949**	**–**	**2,176,491**	**4,622,114**	**110,537,554**
As at 31 December 2018					
Segment assets	287,460,311	29,019,386	38,397,821	1,972,165	356,849,683
Segment assets include:					
Interests in joint ventures	10,265,355	–	–	433	10,265,788
Interests in associates	309,463	–	–	81,255	390,718
Additions to non-current assets (other than financial instruments and deferred income tax assets)	795,855	795,946	4,014,607	132,291	5,738,699
Segment liabilities	103,474,321	–	1,653,327	1,612,968	106,740,616

6. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 June 2019	31 December 2018
Trade receivables – net	**8,546,984**	10,609,336
Other receivables – net	**21,502,898**	16,349,148
Prepayments	**5,293,399**	3,830,458
Capitalised costs to obtain sales contracts	**794,496**	620,190
Due from joint ventures	**4,649,588**	4,796,129
Due from associates	**1,382,312**	783,324
Total	**42,169,677**	36,988,585
Less: non-current portion	**(75,639)**	(112,139)
Current portion	**42,094,038**	36,876,446

(All amounts in RMB Yuan thousands unless otherwise stated)

As at 30 June 2019, trade receivables were mainly derived from sale of properties. Trade receivables in respect of sale of properties are settled in accordance with the terms stipulated in the sale and purchase agreements.

	As at	
	30 June 2019	31 December 2018
Trade receivables-current portion		
– Due from third parties	**8,673,558**	10,820,423
– Due from joint ventures	**139,011**	62,587
– Due from an associate	**1,607**	–
	8,814,176	10,883,010
Less: allowance for impairment	**(267,192)**	(273,674)
	8,546,984	10,609,336

At 30 June 2019 and 31 December 2018, the ageing analysis of trade receivables is as follows:

	As at	
	30 June 2019	31 December 2018
Up to 1 year	**6,937,698**	9,442,639
1 year to 2 years	**1,288,354**	741,720
2 years to 3 years	**166,536**	267,232
Over 3 years	**421,588**	431,419
	8,814,176	10,883,010

7. ACCRUALS AND OTHER PAYABLES

	As at	
	30 June 2019	31 December 2018
Amounts due to joint ventures (Note (a))	**7,256,567**	7,059,166
Amounts due to associates (Note (a))	**207,170**	177,170
Amounts due to entities controlled by the same common shareholders (Note (a))	**60,000**	60,000
Amounts due to a major shareholder (Note (b))	**–**	450,000
Construction payables (Note (c))	**29,976,681**	27,981,005
Other payables and accrued charges (Note (d))	**33,298,794**	31,706,897
	70,799,212	67,434,238

(All amounts in RMB Yuan thousands unless otherwise stated)

(a) The amounts are unsecured, interest free and repayable on demand.

(b) Amounts due to a major shareholder are interest bearing and the interest rate is the benchmark lending rate of the People's Bank of China. The amounts are unsecured and repayable on demand.

(c) Construction payables comprise construction costs and other project-related expenses payable which are based on project progress measured by project management team of the Group. Therefore, no ageing analysis is presented.

(d) The balance mainly represents interest payables, accruals, salary payables and other taxes payable excluding income tax.

(e) The carrying amounts of accruals and other payables approximate their fair values.

8. OTHER INCOME

	Six months ended 30 June	
	2019	2018
Interest income	**261,010**	156,543
Other operating income	**145,198**	136,533
Forfeited deposits from customers	**21,411**	26,932
Dividends income from financial assets at fair value through other comprehensive income	**7,409**	–
	435,028	320,008

9. OTHER GAINS – NET

	Six months ended 30 June	
	2019	2018
Fair value gains on investment properties – net	**435,172**	238,089
Gains on disposal of a joint venture	**–**	54,987
(Losses)/gains on disposals of intangible assets	**(2,311)**	16,116
(Losses)/gains on disposals of property, plant and equipment	**(2,678)**	402
Others	**22,256**	74,123
	452,439	383,717

(All amounts in RMB Yuan thousands unless otherwise stated)

10. FINANCE COSTS

	Six months ended 30 June	
	2019	2018
Interest expenses:		
– bank borrowings	**2,773,944**	2,144,917
– domestic bonds	**1,215,561**	1,176,726
– medium-term notes	**54,485**	54,448
– senior notes	**1,123,456**	586,335
– other borrowings	**956,164**	566,083
– super & short-term commercial papers	**197,769**	54,338
– lease liabilities	**8,716**	–
– finance lease liabilities	**–**	4,936
	6,330,095	4,587,783
Early redemption premium for senior notes	**–**	16,730
Net foreign exchange losses	**126,872**	557,852
Less: finance costs capitalised	**(4,049,328)**	(2,415,927)
	2,407,639	2,746,438

11. INCOME TAX EXPENSES

	Six months ended 30 June	
	2019	2018
Current income tax		
– enterprise income tax (Note (b))	**2,931,928**	2,972,310
Deferred income tax	**(1,542,640)**	(1,384,986)
	1,389,288	1,587,324
Current PRC land appreciation tax (Note (c))	**1,854,610**	2,056,787
Total income tax expenses	**3,243,898**	3,644,111

(a) Hong Kong profits tax

No Hong Kong profits tax has been provided as the Group did not have estimated assessable profit for the period (six months ended 30 June 2018: Nil).

(All amounts in RMB Yuan thousands unless otherwise stated)

(b) Enterprise income tax

Enterprise income tax is computed according to the relevant laws and regulations enacted in the countries where the Group operated and generated taxable income.

In respect of applicable income tax rates for the six months ended 30 June 2019, all of the companies in the PRC were primarily taxed at 25% (six months ended 30 June 2018: 25%) on their profits.

(c) PRC land appreciation tax

Certain PRC subsidiaries are also subject to PRC land appreciation tax which is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including costs of land use rights and development and construction expenditures.

12. DIVIDENDS

	Six months ended 30 June	
	2019	2018
Interim dividend of RMB0.42 (2018: RMB0.40) per ordinary share	**1,353,394**	1,288,947

An interim dividend in respect of the six months ended 30 June 2019 of RMB0.42 per ordinary share, totalling RMB1,353,394,000 was proposed by the board of directors (six months ended 30 June 2018: RMB1,288,947,000). This interim dividend has not been recognised as a liability in this interim financial information. It will be recognised in shareholders' equity in the year ended 31 December 2019.