COUNTRY GARDEN HOLDINGS COMPANY LIMITED
碧 桂 園 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2007)

ANNOUNCEMENT OF INTERIM RESULTS FOR SIX MONTHS ENDED 30 JUNE 2011

FINANCIAL HIGHLIGHTS

- Total revenue for the six months ended 30 June 2011 amounted to approximately RMB15.6 billion, representing an increase of approximately 32.9% compared with the first six months of 2010; recognised GFA reached approximately 2.93 million sq.m., representing an increase of approximately 39.6% compared with the first six months of 2010.

- Profit attributable to owners of the Company amounted to approximately RMB2.9 billion (including the approximately RMB125.9 million fair value gain on Equity Swap), representing an increase of approximately 62.8% compared with the first six months of 2010.

- Earnings per share amounted to approximately RMB17.19 cents, increased by approximately 60.4% compared with the first six months of 2010.

The board of directors (the "Board") of Country Garden Holdings Company Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2011.

BUSINESS REVIEW AND OUTLOOK

During the period under review, Country Garden, in accordance with national policies, actively responded to the market changes, and achieved excellent performance. The Group's contracted sales in the first half of 2011 amounted to approximately RMB21.5 billion and contracted gross floor area ("GFA") totaled approximately 3.43 million sq.m., posting an year-on-year growth of about 64% and 42%, respectively. Recognised GFA for the period amounted to approximately 2.93 million sq.m., representing an increase of approximately 39.6% compared with first half of

2010. The Group's total revenue and gross profit reached approximately RMB15,641.8 million and RMB5,087.3 million respectively, representing a year-on-year increase of approximately 32.9% and 27.5%, respectively. Profit attributable to owners of the Company rose to approximately RMB2,870.6 million (inclusive of the fair value gain on the Equity Swap of approximately RMB125.9 million), posting a year-on-year increase of approximately 62.8%. The Board did not recommend the payment of interim dividend for the six months ended 30 June 2011.

The Group launched 4 new projects for pre-sales in the first half of 2011, among which 3 were in Guangdong. New projects recorded in aggregate contracted sales of approximately RMB3.4 billion. The Group's project development model received extensive recognition from buyers in different regions. For instance, the second project of the Group in Jiangsu Province, Country Garden — Phoenix City (Jurong), was launched for pre-sales on 15 May. Of the approximately 2,500 units initially launched, over 70% or more than 1,800 units were sold in the first two days of launch, posting a transaction amount of nearly RMB1.2 billion.

The Group continued to achieve strong results in Guangdong Province, its core market, which accounted for around 66% of the Group's total contracted sales. Moreover, with the new projects outside Guangdong gradually reaching the delivery phases, and the improvement in the surrounding environment and ancillary facilities of these new projects over the past two years, the Directors believe that the recognition of Country Garden's brand name has been further enhanced outside Guangdong. This will not only boost the revenue growth of these new projects, but will also lay a solid foundation for the long-term development of the Group.

As at 30 June 2011, the Group has 93 projects under different stages of development, including 55 in Guangdong. Attributable GFA with land use right certificates was approximately 52.02 million sq.m. (approximately 45% in Guangdong), among which attributable GFA with construction permits was around 13.86 million sq.m..

The encouraging and steadily growing contract sales during the period under review further validates the strong replicability and sustainability of Country Garden's business model, proves that our strategy of offering value-for-money products has won extensive market recognition. It also demonstrates the Group's strong dedication, in accordance with the national policy, to develop quality housings that are affordable by the public.

Alongside the continuing expansion in property development and sales, the Group's hotel business broadened its recurring income stream from non-residential developments, diversifying the Group's property income portfolio. Hotel revenue in the first half of 2011 amounted to approximately RMB323.0 million, representing a year-on-year growth of about 58.5%. As at 30 June 2011, the Group operates 5 five-star hotels, 13 five-star standard hotels, as well as 1 four-star hotel, with a total of 5,827 guest rooms. Most of the Group's hotels are located within the Group's property projects. The development of five-star standard hotels within these property projects assists in sales promotion and enhances the ancillary value of the projects. The Group has signed hotel management agreements with a few high calibre international hotel management firms, such as Hilton and Maritim, aiming at further unlocking the long-term value potential of the hotel business segment.

In the aspect of internal management, the Group further strengthened the series of reforms initiated in 2009. Especially, reforms in the areas of evaluating the changing demands of customers, adopting more stringent quality control of its products as well as encouraging product design innovations have gradually taken effects, which can be demonstrated by increasing demand for the Group's new high-value-for-money residential products. Moreover, the corporate initiatives on project management on the basis of establishing regional project management structure, strengthening execution capabilities and the establishment of an effective incentive mechanism, have also shown positive effects, resulting in further enhancement of development efficiency and product quality for new projects.

With regards to financial management, the Group actively explored various funding channels in the capital markets in addition to its strong bank financing capabilities with major commercial banks. In February 2011, the Group re-entered the international capital market, and successfully issued senior notes with a 7-year tenor of US$900 million to consolidate the liquidity position and provide long-term capital for further development. The issuance is the largest single deal among Asian property developers this year, and has received strong demand with significant oversubscription, which reflects investors' confidence in the Group's operation model and financial strength.

The Company appointed Ms. YANG Ziying as an executive director of the Company on 31 May 2011. Prior to joining the Group in 2008 as an assistant to Chairman, Ms. YANG worked in a renowned global investment bank. Ms. YANG is primarily responsible for overseeing finances of the Group, including offshore and onshore financing.

With the nationwide development of Country Garden's projects, the Group has paid more attention to its brand image of "Country Garden". In the first half of 2011, on top of the guiding motto, "Country Garden — Giving you a five-star home", the Group further launched a theme of "Happy Country Garden", and continues to provide high-quality "happy homes" to our customers through high-value-for-money products, beautiful environment, convenient transportation, comprehensive facilities and attentive services, and to help our home owners, employees, business partners and investors to experience "happy enterprise" through continuously improving internal management and healthily growing performance.

Looking forward, the Group will continue to strategically select and develop property projects that are in line with national development strategies and the macroeconomic environment, leveraging on the Group's fast track development and strong project execution capabilities to maintain quick asset turnover. We are committed to offering value-for-money property products, creating value for the society and generating satisfactory returns for our shareholders.

CONSOLIDATED INTERIM BALANCE SHEET

	Note	**Unaudited 30 June 2011** *RMB'000*	Audited 31 December 2010 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**6,644,452**	5,552,483
Investment property		**129,780**	133,597
Intangible assets		**18,671**	18,499
Land use rights		**996,340**	1,095,982
Properties under development		**21,960,569**	17,398,573
Investment in an associate	4	**218,177**	83,825
Deferred income tax assets		**1,162,387**	1,137,203
		31,130,376	25,420,162
Current assets			
Properties under development		**26,976,976**	23,761,354
Completed properties held for sale		**9,114,504**	8,079,369
Inventories		**248,185**	206,010
Trade and other receivables	5	**13,146,293**	12,372,767
Prepaid taxes		**2,436,497**	2,388,472
Restricted cash		**4,419,510**	4,758,815
Cash and cash equivalents		**7,781,154**	5,094,298
		64,123,119	56,661,085
Total assets		**95,253,495**	82,081,247
EQUITY			
Equity attributable to owners of the Company			
Share capital and premium	6	**15,392,104**	15,392,104
Other reserves		**963,346**	993,012
Retained earnings			
— proposed final dividend		**—**	1,604,790
— others		**9,702,090**	6,831,515
		26,057,540	24,821,421
Non-controlling interests		**852,537**	596,654
Total equity		**26,910,077**	25,418,075

	Note	**Unaudited 30 June 2011** *RMB'000*	Audited 31 December 2010 *RMB'000*
LIABILITIES			
Non-current liabilities			
Bank borrowings		**7,107,882**	4,680,370
Convertible bond	7	**855,555**	—
Senior notes	8	**14,567,565**	8,872,270
Deferred government grants		**189,520**	107,780
Deferred income tax liabilities		**696,202**	671,903
		23,416,724	14,332,323
Current liabilities			
Advanced proceeds received from customers		**25,569,120**	21,729,615
Trade and other payables	9	**10,327,400**	9,077,248
Income tax payable		**3,279,282**	4,023,448
Bank borrowings		**4,941,830**	5,184,536
Derivative financial instruments	10	**809,062**	934,948
Convertible bond	7	**—**	1,381,054
		44,926,694	42,330,849
Total liabilities		**68,343,418**	56,663,172
Total equity and liabilities		**95,253,495**	82,081,247
Net current assets		**19,196,425**	14,330,236
Total assets less current liabilities		**50,326,801**	39,750,398

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Note	Unaudited Six months ended 30 June **2011** ***RMB'000***	 2010 *RMB'000*
Revenue	3	**15,641,790**	11,765,702
Cost of sales	12	**(10,554,526)**	(7,776,510)
Gross profit		**5,087,264**	3,989,192
Other gains — net	11	**18,898**	2,793
Selling and marketing costs	12	**(412,248)**	(276,216)
Administrative expenses	12	**(514,027)**	(361,589)
Operating profit		**4,179,887**	3,354,180
Finance income	13	**46,128**	82,995
Finance costs	13	**(19,622)**	(158,730)
Finance income/(costs) — net	13	**26,506**	(75,735)
Share of post-tax profit/(loss) of an associate	4	**134,352**	(711)
Fair value changes on derivative financial instruments	10	**125,886**	(190,603)
Profit before income tax		**4,466,631**	3,087,131
Income tax expense	14	**(1,595,072)**	(1,278,617)
Profit and total comprehensive income for the period		**2,871,559**	1,808,514
Profit and total comprehensive income attributable to:			
— Owners of the Company		**2,870,575**	1,763,495
— Non-controlling interests		**984**	45,019
		2,871,559	1,808,514
Earnings per share attributable to owners of the Company (expressed in RMB cents per share)			
Basic and diluted	15	**17.19**	10.72

	Note	Unaudited Six months ended 30 June **2011** ***RMB'000***	 2010 *RMB'000*
Dividends	16	**—**	—

SELECTED NOTES TO THE INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

Country Garden Holdings Company Limited (the "Company") was incorporated in the Cayman Islands on 10 November 2006 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681 Grand Cayman, KY1-1111 Cayman Islands. The Company is engaged in investment holding and its subsidiaries (collectively, the "Group") were principally engaged in the property development, construction, fitting and decoration, property management and hotel operation.

The Company's shares were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 20 April 2007.

This interim financial information is presented in units of Renminbi ("RMB") thousand Yuan, unless otherwise stated, and was approved by the Board of Directors of the Company for issue on 16 August 2011.

This interim financial information has not been audited.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 Basis of preparation

This interim financial information for the six months ended 30 June 2011 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, 'Interim Financial Reporting'. The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2010, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2.2 Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2010, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(i) Changes in accounting estimates

The estimated useful lives of hotel properties were previously determined as 20 years when the hotel business newly commenced and management's intention of holding those hotel properties was not certain. With the continuous growth of the hotel business, the directors are confident that the Group will hold the hotel properties for self-use, and therefore believe it is more appropriate to use remaining period of the underlying land use rights as the estimated useful lives of hotel properties. From 1 January 2011, deprecation on hotel properties is calculated using the straight-line method to allocate their costs to their residual values over their remaining period of underlying land use rights (ranging from 29 to 39 years). The directors believe the above change in accounting estimate reflects management's current intention of holding hotel properties that is also consistent with the industry practices.

HKAS 8 requires disclosure of the impact of a change in accounting estimate on both the current and future periods. Had hotel properties continued to be depreciated over 20 years, the depreciation charge for the six months ended 30 June 2011 would have been RMB39,668,000 higher than reported in this interim financial information. Since the hotel business is continuously growing, it is infeasible for directors to reliably estimate the effect of this change on deprecation charges in future periods.

(ii) New and amended standards adopted by the Group

The following new standard and amendment to standard are mandatory for the first time for the financial year beginning 1 January 2011.

- HKAS 24 (Revised), "Related Party Disclosures" is effective for annual period beginning on or after January 2011. It introduces an exemption from all of the disclosure requirements of HKAS 24 for transactions among government related entities and the government, which is not relevant to the Group as the Group is not related to government. It also clarifies and simplifies the definition of a related party, which has no material impact on the Group's related party disclosure.

- Amendment to HKAS 34 'Interim financial reporting' is effective for annual periods beginning on or after 1 January 2011. It emphasizes the existing disclosure principles in HKAS 34 and adds further guidance to illustrate how to apply these principles. Greater emphasis has been placed on the disclosure principles for significant events and transactions. Additional requirements cover disclosure of changes to fair value measurement (if significant), and the need to update relevant information from the most recent annual report. The change in accounting policy only results in additional disclosures.

(iii) Amendments and interpretations to existing standards effective in 2011 but not relevant to the Group

- Amendment to HKAS 32 'Classification of rights issues' is effective for annual periods beginning on or after 1 February 2010. This is not currently applicable to the Group, as it has not made any rights issue.

- Amendment to HK(IFRIC)–Int-14 'Prepayments of a minimum funding requirement' is effective for annual periods beginning on or after 1 January 2011. This is not currently relevant to the Group, as it does not have a minimum funding requirement.

- HK(IFRIC)–Int 19 'Extinguishing financial liabilities with equity instruments' is effective for annual periods beginning on or after 1 July 2010. This is not currently applicable to the Group, as it has no extinguishment of financial liabilities replaced with equity instruments currently.

- Third improvements to Hong Kong Financial Reporting Standards (2010) were issued in May 2010 by the HKICPA, except for amendment to HKAS 34 'Interim financial reporting' as disclosed in note 2.2(ii) and the clarification to allow the presentation of an analysis of the components of other comprehensive income by item within the notes, all are not currently relevant to the Group. All improvements are effective in the financial year of 2011.

(iv) The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2011 and have not been early adopted

- HKFRS 9 'Financial instruments' addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. This new standard is not expected to have a material impact on the Group's financial statements.

- HKAS 12 (Amendment) 'Deferred tax: Recovery of underlying assets' introduces an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sale. The amendment is applicable retrospectively to annual periods beginning on or after 1 January 2012 with early adoption permitted. This amendment is not expected to have a material impact on the Group's financial statements.

- HKFRS 7 (Amendment) 'Disclosures — Transfers of financial assets' introduces new disclosure requirement on transfers of financial assets. Disclosure is required by class of asset of the nature, carrying amount and a description of the risks and rewards of financial assets that have been transferred to another party yet remain on the entity's balance sheet. The gain or loss on the transferred assets and any retained interest in those assets must be given. In addition, other disclosures must enable users to understand the amount of any associated liabilities, and the relationship between the financial assets and associated liabilities. The disclosures must be presented by type of ongoing involvement. The amendment is applicable to annual periods beginning on or after 1 July 2011 with early adoption permitted. This amendment is not expected to have a material impact on the Group's financial statements.

3 SEGMENT INFORMATION

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

The ED consider the business from product perspective. From a product perspective, management assesses the performance of:

- Property development,
- Construction, fitting and decoration,
- Property management and
- Hotel operation.

The ED assess the performance of the operating segments based on a measure of operating profit.

Segment assets consist primarily of property, plant and equipment, intangible assets, land use rights, investment property, properties under development, completed properties held for sale, inventories, receivables and operating cash. They exclude deferred tax assets and collateral for Equity Swap. Segment liabilities consist primarily of operating liabilities. They exclude bank borrowings, convertible bond, senior notes, derivative financial instruments, deferred income tax liabilities and income tax payable.

Revenue consists of the following:

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
Sales of properties	**14,979,885**	11,179,125
Rendering of construction, fitting and decoration services	**98,364**	186,099
Rendering of property management services	**240,516**	196,739
Rendering of hotel services	**323,025**	203,739
	15,641,790	11,765,702

Sales between segments are carried out according to the terms and conditions agreed by both parties.

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

The Group has a number of customers. No revenue from a customer exceeds 10% or more of the Group's revenue.

The segment information provided to the ED for the reportable segments for the six months ended 30 June 2011 is as follows:

	Property development *RMB'000*	**Construction, fitting and decoration** *RMB'000*	**Property management** *RMB'000*	**Hotel** *RMB'000*	**Total Group** *RMB'000*
Six months ended 30 June 2011					
Total revenue	**14,979,885**	**3,411,378**	**240,598**	**323,025**	**18,954,886**
Inter-segment revenue	**—**	**(3,313,014)**	**(82)**	**—**	**(3,313,096)**
Revenue (from external customers)	**14,979,885**	**98,364**	**240,516**	**323,025**	**15,641,790**
Operating profit	**4,157,517**	**11,804**	**36,925**	**(26,359)**	**4,179,887**
At 30 June 2011					
Total segment assets	**84,152,846**	**2,080,974**	**367,182**	**5,872,206**	**92,473,208**
Capital expenditure	**571,775**	**2,207**	**8,373**	**679,109**	**1,261,464**
Total segment liabilities	**33,625,300**	**1,390,550**	**517,173**	**553,017**	**36,086,040**

The segment information provided to the ED for the reportable segments for the six months ended 30 June 2010 is as follows:

	Property development *RMB'000*	Construction, fitting and decoration *RMB'000*	Property management *RMB'000*	Hotel *RMB'000*	Total Group *RMB'000*
Six months ended 30 June 2010					
Total revenue	11,179,125	3,016,798	196,992	203,739	14,596,654
Inter-segment revenue	—	(2,830,699)	(253)	—	(2,830,952)
Revenue (from external customers)	11,179,125	186,099	196,739	203,739	11,765,702
Operating profit	3,371,404	13,615	35,640	(66,479)	3,354,180
At 31 December 2010					
Total segment assets	72,049,141	1,591,634	252,735	5,392,082	79,285,592
Capital expenditure	664,053	14,526	3,536	1,317,301	1,999,416
Total segment liabilities	28,410,023	1,717,649	378,854	408,117	30,914,643

Reportable operating profits are reconciled to profit for the period as follows:

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
Total operating profit	**4,179,887**	3,354,180
Financial income/(costs) — net	**26,506**	(75,735)
Share of post-tax profit/(loss) of an associate	**134,352**	(711)
Fair value changes on derivative financial instruments	**125,886**	(190,603)
Profit before income tax	**4,466,631**	3,087,131
Income tax expense	**(1,595,072)**	(1,278,617)
Profit for the period	**2,871,559**	1,808,514

Reportable segments' assets and liabilities are reconciled to total assets and total liabilities as follows:

	As at	
	30 June	31 December
	2011	2010
	RMB'000	*RMB'000*
Total segment assets	**92,473,208**	79,285,592
Deferred income tax assets	**1,162,387**	1,137,203
Collateral for Equity Swap	**1,617,900**	1,658,452
Total assets per balance sheet	**95,253,495**	82,081,247
Total segment liabilities	**36,086,040**	30,914,643
Deferred income tax liabilities	**696,202**	671,903
Income tax payable	**3,279,282**	4,023,448
Derivative financial instruments	**809,062**	934,948
Bank borrowings	**12,049,712**	9,864,906
Convertible bond	**855,555**	1,381,054
Senior notes	**14,567,565**	8,872,270
Total liabilities per balance sheet	**68,343,418**	56,663,172

4 INVESTMENT IN AN ASSOCIATE

	RMB'000
At 1 January 2010	—
Capital injection	217,600
Partial disposal	(85,725)
Share of post-tax loss	(48,050)
At 1 January 2011	83,825
Share of post-tax profit	**134,352**
At 30 June 2011	**218,177**

The Group's share of the results of its associate, which is unlisted, and its aggregated assets and liabilities, are as follows:

Name	Place of establishment	Principal activities	Assets *RMB'000*	Liabilities *RMB'000*	Revenue *RMB'000*	Share of profit *RMB'000*	% interest held
Li He Property Development Company Limited ("Li He")	PRC	Property Development	4,886,911	4,668,734	997,982	134,352	20%

5 TRADE AND OTHER RECEIVABLES

	As at **30 June 2011** *RMB'000*	31 December 2010 *RMB'000*
Trade receivables (note (a))	**1,003,920**	593,812
Land auction deposits	**1,465,905**	1,801,055
Other receivables	**977,157**	974,444
Amount due from an associate	**1,522,096**	1,522,096
Amounts due from customers for contract work (note (b))	**425,323**	342,774
Prepayments for land (note (c))	**5,321,614**	5,587,595
Other prepayments — third parties	**2,430,278**	1,550,991
	13,146,293	12,372,767

Amount due from an associate is unsecured, non-interest bearing, with no fixed repayment terms and repayable on demand.

As at 30 June 2011, the fair value of trade and other receivables approximates their carrying amounts.

Notes:

(a) Trade receivables are mainly arisen from rendering of sales of properties, construction services, and property management. Customers are generally granted credit terms of 1 to 3 months for construction business and no credit terms for property development and property management businesses. The ageing analysis of trade receivables is as follows:

	As at **30 June 2011** *RMB'000*	31 December 2010 *RMB'000*
Within 90 days	**778,355**	493,877
Over 90 days and within 180 days	**118,286**	67,350
Over 180 days and within 365 days	**80,335**	18,518
Over 365 days	**26,944**	14,067
	1,003,920	593,812

(b) Amounts due from customers for contract work at the balance sheet date are as follows:

	As at	
	30 June 2011	31 December 2010
	RMB'000	*RMB'000*
Cost incurred	**3,969,597**	3,877,449
Recognised profits	**1,713,602**	1,707,386
	5,683,199	5,584,835
Less: progress billings	**(5,257,876)**	(5,242,061)
	425,323	342,774
Represented by:		
Amounts due from customers	**425,323**	342,774
Including: Related companies	**403,686**	325,010
Third parties	**21,637**	17,764

(c) Prepayments for land are related to acquisition of land use rights upon successfully bidding at the land auctions conducted by the PRC government. The relevant land use right certificates have not been obtained at 30 June 2011.

6 SHARE CAPITAL AND PREMIUM

	Number of ordinary shares	Nominal value of ordinary shares	Equivalent nominal value of ordinary shares	Share premium	Treasury Shares	Total
		HK$'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Authorised						
Authorised ordinary share of HK$0.10 each at 31 December 2010 and 30 June 2011	100,000,000,000	10,000,000	9,905,008	—	—	9,905,008
Issued and fully paid						
Opening balance at 1 January 2010	16,451,419,578	1,645,142	1,625,831	13,663,559	(363,739)	14,925,651
Treasury shares purchased	—	—	—	—	(6,589)	(6,589)
Issue of shares as a result of the script dividend scheme	247,718,465	24,772	21,699	451,343	—	473,042
At 31 December 2010, 1 January 2011 and 30 June 2011	16,699,138,043	1,669,914	1,647,530	14,114,902	(370,328)	15,392,104

7 CONVERTIBLE BOND

In 2008, the Company issued a RMB denominated USD settled 2.5% convertible bond (the "Bond") due 2013, of an initial principal amount of US$600 million (equivalent to approximately RMB4,314.0 million). At the option of bond holders, the aggregate amount of RMB4,314.0 million will be convertible into fully paid shares with a par value of HK$0.1 each of the Company. The value of the liability component of RMB3,781.3 million and the equity conversion component of RMB424.8 million, net of transaction cost of RMB107.9 million, were determined at issuance of the Bond.

The Bond matures in five years (February 2013) from the issue date at 121.306% of the nominal value or can be converted into ordinary shares of the Company on or after 3 April 2008 at contracted price (the initial conversion price is HK$9.05 per share) at a fixed exchange rate of RMB0.922 to HK$1.

Also, at the option of the bond holders, the Company would redeem some or all of the Bond on 22 February 2011 at the U.S. dollar equivalent of their principal amount in RMB multiplied by 111.997%, together with accrued but unpaid interest to the date of redemption. As the above put option has been expired, the Bond is classified as a non-current liability as at 30 June 2011.

The fair value of the liability component included in long-term borrowings was calculated using a market interest rate for an equivalent non-convertible bond. The liability component is subsequently stated at amortised cost until extinguished on conversion or maturity of the Bond. The residual amount, representing the value of the equity conversion component, is accounted for as a conversion option reserve included in other reserves.

During the period, the Company redeemed the Bond totaling approximately RMB522.6 million out of the remaining principal amount of RMB1,303.6 million as a result of the exercise of the above put option by certain bond holders.

The total consideration (including transaction costs) paid to redeem the Bond is allocated to liability and equity components at the date of redemption. The difference between the consideration allocated to the liability component and its carrying value at the date of redemption is recognised in profit or loss. The amount of consideration relating to the equity component is recognised in equity.

The redemption resulted in a loss of approximately RMB243,000 and a decrease of RMB29,666,000 in the conversion option reserve.

The Bond recognised in the balance sheet is calculated as follows:

	RMB'000
Liability component as at 1 January 2010	4,278,511
Interest expenses	249,436
Coupon paid	(78,651)
Repurchase	(3,068,242)
Liability component as at 31 December 2010	1,381,054
Interest expenses (note 13)	**46,183**
Coupon paid	**(16,295)**
Redemption	**(555,387)**
Liability component as at 30 June 2011	**855,555**

Interest expenses on the liability component of the Bond are calculated using the effective interest method, applying the effective interest rate of 9.24% p.a. to the liability component.

Up to 30 June 2011, there was no conversion of the Bond.

8 SENIOR NOTES

On 2 September 2009, the Company issued senior notes in an aggregate principal amount of US$300,000,000. On 16 September 2009, the Company made an additional issue of senior notes in an aggregated principal amount of US$75,000,000 (collectively the "2014 Notes"). The 2014 Notes are listed on the Singapore Exchange Securities Trading Limited. The 2014 Notes carry interest at the rate of 11.75% per annum, payable semi-annually on March 10 and September 10 in arrears, and will mature on 10 September 2014, unless redeemed earlier.

At any time, the Company may at its option redeem the 2014 Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the 2014 Notes plus certain premium as of, and accrued and unpaid interest, if any, to the redemption date.

At any time and from time to time prior to 10 September 2012, the Company may redeem up to 35% of the aggregate principal amount of the 2014 Notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 111.75% of the principal amount of the 2014 Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date.

On 15 April 2010, the Company issued senior notes in an aggregate principal amount of US$550,000,000 (the "2017 Notes"). The 2017 Notes are listed on the Singapore Exchange Securities Trading Limited. The 2017 Notes carry interest at the rate of 11.25% per annum, payable semi-annually on April 22 and October 22 in arrears, and will mature on 22 April 2017, unless redeemed earlier.

At any time on or after 22 April 2014, the Company may redeem the 2017 Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest to (but not including) the redemption date if redeemed during the twelve month period beginning on 22 April of each of the years indicated below.

	Redemption price
2014	105.625%
2015	102.8125%
2016 and thereafter	100.00%

At any time prior to 22 April 2014, the Company may at its option redeem the 2017 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2017 Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. The Company will give not less than 30 days' nor more than 60 days' notice of any redemption.

At any time and from time to time prior to 22 April 2013, the Company may redeem up to 35% of the aggregate principal amount of the 2017 Notes with the proceeds from sales of certain kinds of the Company's capital stock at a redemption price of 111.25% of the principal amount of the 2017 Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date, provided that at least 65% of the aggregate principal amount of the 2017 Notes originally issued remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related sale of the Company's capital stock and subject to certain conditions.

On 4 August 2010, the Company issued senior notes in an aggregate principal amount of US$400,000,000 (the "2015 Notes"). The 2015 Notes are listed on the Singapore Exchange Securities Trading Limited. The 2015 Notes carry interest at the rate of 10.50% per annum, payable semi-annually on February 11 and August 11 in arrears, and will mature on 11 August 2015, unless redeemed earlier.

At any time prior to 11 August 2015, the Company may at its option redeem the 2015 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2015 Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time prior to 11 August 2013, the Company may redeem up to 35% of the aggregate principal amount of the 2015 Notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 110.50% of the principal amount of the 2015 Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the 2015 Notes originally issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

On 23 February 2011, the Company issued senior notes in an aggregate principal amount of US$900,000,000 (the "2018 Notes"). The 2018 Notes are listed on the Singapore Exchange Securities Trading Limited. The 2018 Notes carry interest at the rate of 11.125% per annum, payable semi-annually on February 23 and August 23 in arrears, and will mature on 23 February 2018, unless redeemed earlier.

At any time and from time to time on or after 23 February 2015, the Company may redeem the 2018 Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest to (but not including) the redemption date if redeemed during the twelve month period beginning on 23 February of each of the years indicated below.

	Redemption price
2015	105.5625%
2016	102.7813%
2017 and thereafter	100.00%

At any time prior to 23 February 2015, the Company may at its option redeem the 2018 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2018 Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. The Company will give not less than 30 days' nor more than 60 days' notice of any redemption.

At any time and from time to time prior to 23 February 2014, the Company may redeem up to 35% of the aggregate principal amount of the 2018 Notes with the proceeds from sales of certain kinds of the Company's capital stock at a redemption price of 111.125% of the principal amount of the 2018 Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date, provided that at least 65% of the aggregate principal amount of the Notes originally issued remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related sale of the Company's capital stock and subject to certain conditions.

The 2014 Notes, 2017 Notes, 2015 Notes and 2018 Notes contain a liability component and the above early redemption options:

(i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

    The interest charged for the period is calculated by applying an effective interest rate of approximately 12.11%, 11.81%, 11.23% and 11.69% per annum to the liability component of the 2014 Notes, 2017 Notes, 2015 Notes and 2018 Notes, respectively, since they were issued.

(ii) Early redemption options are regarded as embedded derivatives not closely related to the host contract. The directors consider that the fair value of the above early redemption options is insignificant on initial recognition and at 30 June 2011.

The 2014 Notes, 2017 Notes, 2015 Notes and 2018 Notes recognised in the balance sheet were calculated as follows:

	RMB'000
Carrying amount as at 1 January 2010	2,602,423
Additions	6,294,734
Exchange gains	(203,259)
Interest expenses	684,288
Coupon paid	(505,916)
Carrying amount as at 31 December 2010	8,872,270
Additions	**5,770,437**
Exchange gains	**(310,725)**
Interest expenses (note 13)	**720,433**
Coupon paid	**(484,850)**
Carrying amount as at 30 June 2011	**14,567,565**

9 TRADE AND OTHER PAYABLES

	As at	
	30 June 2011	31 December 2010
	RMB'000	*RMB'000*
Trade payables (note)	**7,029,895**	7,058,506
Other payables — third parties	**2,022,982**	1,004,533
Other taxes payable	**753,647**	340,578
Staff welfare benefit payable	**299,193**	539,087
Accrued expenses	**221,683**	134,544
	10,327,400	9,077,248

Note:

The ageing analysis of trade payables at the balance sheet dates is as follows:

	As at	
	30 June 2011	31 December 2010
	RMB'000	*RMB'000*
Within 90 days	**5,496,105**	6,685,400
Over 90 days and within 180 days	**1,075,830**	150,163
Over 180 days and within 365 days	**266,440**	124,925
Over 365 days	**191,520**	98,018
	7,029,895	7,058,506

10 DERIVATIVE FINANCIAL INSTRUMENTS

Upon the issue of the RMB denominated USD settled 2.5% Bond as disclosed in note 7, the Company entered into a cash settled equity swap transaction (the "Equity Swap") for the Company's shares up to a value of US$250 million (equivalent to approximately HK$1,950 million) on 22 February 2008. Under the Equity Swap, the Company will either receive a payment from or settle a payment to Merrill Lynch International if the final price is higher or lower than the initial price upon termination of the Equity Swap. The initial price was determined in accordance with the formula as set out in the Equity Swap contract, and the final price will be determined with reference to the arithmetic mean of the relevant prices of the Company's shares on specified averaging dates upon termination of the Equity Swap. Besides, the termination date of the Equity Swap will be determined based on the earlier of 2013 or a date when certain condition as stipulated in the Equity Swap contract is fulfilled. According to the Equity Swap contract, both the Company and Merrill Lynch International had the option to early terminate the Equity Swap upon the occurrence of any holder of the Bond exercises the Put Option on the Put Option date, which was 22 February 2011.

On 5 January 2011, the Company entered into an amendment and restatement agreement with Merrill Lynch International (the "Amendment"). Pursuant to the Amendment, Merrill Lynch International no longer has the above option to early terminate the Equity Swap and only the Company has the option to terminate the Equity Swap early on any scheduled trading day, at its election, prior to the termination of the Equity Swap.

According to the Equity Swap transactions entered with Merrill Lynch International, Merrill Lynch International would pay the Company an amount equivalent to the number of shares under Equity Swap multiplied by the dividend per Company's share as a return of the Equity Swap.

Derivative financial instruments liabilities as at balance sheet date are as follows:

	As at 30 June 2011 *RMB'000*	31 December 2010 *RMB'000*
Equity Swap	**809,062**	934,948

During the effective period of the Equity Swap, the Company has put up collateral in the amount of US$250 million (equivalent to approximately RMB1,618 million) (the "Collateral") to Merrill Lynch International. Prior to the termination date of the Equity Swap, the change in fair value of the Equity Swap caused by fluctuation in the share price shall not pose any effect on the cash flow or normal operation of the Company. As at the termination date of the Equity Swap, the maximum loss caused by the Equity Swap due to decrease in the share price shall not exceed the value of the Collateral.

11 OTHER GAINS – NET

	Six months ended 30 June	
	2011 *RMB'000*	2010 *RMB'000*
Return from Equity Swap	**27,290**	12,918
Forfeiture income	**8,744**	6,429
Gains on disposal of property, plant and equipment	**271**	4,728
Others	**(17,407)**	(21,282)
	18,898	2,793

12 EXPENSES BY NATURE

	Six months ended 30 June	
	2011 *RMB'000*	2010 *RMB'000*
Advertising costs	**165,258**	111,570
Amortisation of intangible assets	**2,771**	2,528
Business taxes and other levies (note)	**968,379**	709,351
Costs of completed properties sold	**9,441,399**	6,909,772
Donations	**18,192**	13,353
Depreciation	**128,918**	129,441
Employee benefit expenses	**491,149**	360,006
Land use rights amortisation	**13,401**	14,476
Surveillance charges	**12,427**	10,765
Rental expenses	**8,498**	9,383
Others	**230,409**	143,670
Total cost of sales, selling and marketing costs and administrative expenses	**11,480,801**	8,414,315

Note:

Business tax

The PRC companies now comprising the Group are subject to business taxes on their revenues at the following rates:

Category	**Rate**
Sales of properties	5%
Construction, fitting and decoration	3%
Property management	5%
Hotel services	5%

13 FINANCE INCOME/(COSTS) – NET

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
Interest expenses:		
— bank borrowings	**(373,556)**	(253,385)
— the Bond	**(46,183)**	(176,676)
— senior notes	**(720,433)**	(222,463)
Loss on redemption of the Bond (note 7)	**(243)**	—
Net foreign exchange gain on financing activities	**174,113**	13,967
Total finance costs	**(966,302)**	(638,557)
— less: interest capitalised	**946,680**	479,827
	(19,622)	(158,730)
Finance income:		
— bank interest income from bank deposits	**46,128**	47,814
— gain on repurchase of the Bond (note 7)	**—**	35,181
	46,128	82,995
Finance income/(costs) — net	**26,506**	(75,735)

14 INCOME TAX EXPENSE

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
Current income tax		
— PRC enterprise income tax (note (a))	**1,120,580**	720,291
— Hong Kong profits tax (note (b))	**—**	—
— Land appreciation tax (note (c))	**475,377**	491,208
Deferred income tax	**(885)**	67,118
	1,595,072	1,278,617

(a) PRC enterprise income tax is provided at the rate of 25% (2010: 25%) of the profits for the PRC statutory financial reporting purpose, adjusted for those items, which are not assessable or deductible for the PRC enterprise income tax purpose.

As approved by the local tax authority in August 2006, Guangdong Giant Leap Construction Co., Ltd., a subsidiary of the Group, has enjoyed a tax holiday of "two years exemption and followed by three years of a 50% tax reduction" since 2006. The preferential tax rate adopted by Giant Leap Construction Co., Ltd. will also be gradually transited to the unified tax rate of 25% over a five-year transitional period. In light of the clarification for the transition to the new tax rate issued by the State Administration of Taxation issued on 6 December 2008, the preferential tax rate adopted by Giant Leap Construction Co., Ltd. will be expired at the shorter of the existing preferential tax period and the five-year transitional period.

Furthermore, in accordance with the PRC Enterprise Income Tax Law and the "Implementation Rules of the People's Republic of China on the Enterprise Income Tax Law" promulgated by the State Council on 6 December 2008 and effective 1 January 2009, an income tax rate of 10% shall be applicable to any dividends payable to non-PRC enterprise investors from foreign invested enterprises.

(b) No Hong Kong profits tax was provided for the six months ended 30 June 2011 as the Group did not have any assessable profit (2010: nil).

(c) PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights and all property development expenditures.

15 EARNINGS PER SHARE

Earnings per share attributable to owners of the Company as follows:

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased by the Company and held as treasury shares (note 6).

	Six months ended 30 June	
	2011	2010
Profit attributable to owners of the Company		
— Basic *(RMB cents per share)*	**17.19**	10.72
Weighted average number of ordinary shares in issue *(thousands)*	**16,699,138**	16,451,420

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's only dilutive potential ordinary share is the Bond. The Bond is assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expenses. Since the impact of conversion of convertible bond on earnings per share is anti-dilutive for the period ended 30 June 2011 and 2010, diluted earnings per share is equal to basic earnings per share.

16 DIVIDENDS

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
Proposed interim dividend (note a)	—	—

Note:

(a) The Board of Directors did not recommend the payment of any interim dividend for the six months ended 30 June 2011.

(b) A final dividend in respect of 2010 of RMB9.61 cents per share, amounting to total dividends of approximately RMB1,604,790,000 has been declared in the Annual General Meeting on 28 April 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

Revenue

Revenue of the Group was primarily comprised of the proceeds from the sale of properties and provision of services after the elimination of transactions among subsidiaries of the Company. The revenue was primarily generated from its four business segments: property development, construction, fitting and decoration, property management and hotel operation. The revenue increased by approximately 32.9% to approximately RMB15,641.8 million in the first half of 2011 from approximately RMB11,765.7 million for the corresponding period in 2010, primarily attributable to the increase in sales of property. The revenues generated from property development, construction, fitting and decoration, property management and hotel operation are approximately RMB14,979.9 million, RMB98.4 million, RMB240.5 million and RMB323.0 million, respectively.

Property development

Revenue generated from property development increased by approximately 34.0% to approximately RMB14,979.9 million for the six months ended 30 June 2011 from approximately RMB11,179.1 million for the corresponding period in 2010; primarily attributable to an approximate 39.6% increase in total gross floor area ("GFA") sold to 2,925,087 sq.m. in the first half of 2011 from 2,095,233 sq.m. for the corresponding period in 2010. The recognised average selling price of property decreased to RMB5,121 per sq.m in the first half of 2011 from RMB5,336 per sq.m. for the corresponding period in 2010, which indicated an approximate 4.0% decrease.

Construction, fitting and decoration

Revenue generated from construction, fitting and decoration decreased by approximately 47.1% to approximately RMB98.4 million for the six months ended 30 June 2011 from approximately RMB186.1 million for the corresponding period in 2010, primarily attributable to a decrease in the volume of construction, fitting and decoration services rendered to Qingyuan Country Garden Property Development Co., Ltd., a related party of the Group.

Property management

Revenue generated from property management increased by approximately 22.2% to approximately RMB240.5 million for the six months ended 30 June 2011 from approximately RMB196.8 million for the corresponding period in 2010, primarily attributable to an increase in the cumulative GFA under management resulting from the construction completion and delivery of properties such as Country Garden Phoenix City, Heshan Country Garden, Shaoguan Country Garden, Holiday Islands-Qingyuan in the second half year of 2010 and the first half year of 2011.

Hotel operation

Revenue generated from hotel operation increased by approximately 58.6% to approximately RMB323.0 million for the six months ended 30 June 2011 from approximately RMB203.7 million for the corresponding period in 2010, primarily attributable to the opening of the five-star rating standard Chongqing Country Garden Phoenix Hotel in September 2010 and Shaoguan Country Garden Phoenix Hotel in January 2011.

Cost of sales

Cost of sales of the Group represented primarily the costs incurred directly by the property development activities which included construction, fitting and decoration, design costs, land use rights cost and business taxes.

Cost of sales increased by approximately 35.7% to approximately RMB10,554.5 million for the six months ended 30 June 2011 from approximately RMB7,776.5 million for the corresponding period in 2010. The increase in cost of sales was in line with the increase in total sales of property.

Gross profit

Gross profit (before land appreciation tax provision) of the Group increased by approximately 27.5% to approximately RMB5,087.3 million for the six months ended 30 June 2011 from approximately RMB3,989.2 million for the corresponding period in 2010. The gross margin for the six months ended 30 June 2011 decreased to approximately 32.5% from approximately 33.9% for the corresponding period in 2010.

Other gains — net

Other gains — net of the Group increased by approximately 575.0% to approximately RMB18.9 million of gain for the six months ended 30 June 2011 from approximately RMB2.8 million of gain for the corresponding period in 2010. It was primarily attributable to an approximate 111.6% increase in return from the Equity Swap from approximately RMB12.9 million in the first half of 2010 to approximately RMB27.3 million for the corresponding period in 2011, as a result of the increase of dividend per share.

Selling and marketing costs

Selling and marketing costs of the Group increased by approximately 49.2% to approximately RMB412.2 million for the six months ended 30 June 2011 from approximately RMB276.2 million for the corresponding period in 2010, which was primarily attributable to an approximate 48.1% increase in advertisement expense from approximately RMB111.6 million in the first half of 2010 to approximately RMB165.3 million for the corresponding period in 2011, as the Group is taking great effort to promote the sales of new projects in the first half of 2011 by launching more advertisements.

Administrative expenses

Administrative expenses of the Group increased by approximately 42.1% to approximately RMB514.0 million for the six months ended 30 June 2011 from approximately RMB361.6 million for the corresponding period in 2010, primarily attributable to an approximate 18.2% increase of salary expense from approximately RMB154.3 million for the six months ended 30 June 2010 to approximately RMB182.4 million for the corresponding period in 2011. In addition, the employee welfare benefit expenses also increased by approximately 61.1% to approximately RMB55.9 million for the six months ended 30 June 2011 from approximately RMB34.7 million for the corresponding period in 2010.

Finance income/(costs) — net

The Group recorded finance income — net of approximately RMB26.5 million for the six months ended 30 June 2011, compared to finance costs — net of approximately RMB75.7 million for the corresponding period in 2010. The total interest expenses increased by approximately 74.7% to approximately RMB1,140.2 million for the six months ended 30 June 2011 from approximately RMB652.5 million for the corresponding period in 2010. The capitalized interest cost increased by approximately 97.3% to approximately RMB946.7 million for the six months ended 30 June 2011 from approximately RMB479.8 million for the corresponding period in 2010. In addition, due to the appreciation of Renminbi, the exchange gain of the Group was approximately RMB174.1 million for the six months ended 30 June 2011 (For the six months ended 30 June 2010: approximately RMB14.0 million).

Fair value changes on derivative financial instruments

On 22 February 2008, the Company entered into the Equity Swap with Merrill Lynch International for the Company's shares up to a value of US$250 million (equivalent to approximately HK$1,950 million). Under the Equity Swap, the Company receives a payment if the Final Price (as defined in the announcement of the Company dated 17 February 2008 (the "Announcement")) is higher than the Initial Price (as defined in the Announcement) and the Equity Swap Counterparty (as defined in the Announcement) receives a payment if the Final Price is lower than the Initial Price. The Initial Price will be determined in accordance with the formula sets out in the Equity Swap and the Final Price will be determined with reference to the arithmetic mean of the relevant prices of the Company's shares on specified averaging dates. Measured by the market price on 30 June 2011, the gain from the fair value change on the Equity Swap was approximately RMB125.9 million.

Profit attributable to owners of the Company

Profit attributable to owners of the Company (after adjustments for the fair value change of the Equity Swap) for the six months ended 30 June 2011 of the Group increased by approximately 40.5% to approximately RMB2,744.7 million from approximately RMB1,954.1 million for the corresponding period in 2010. The net earning margin increased from approximately 16.6% for the first half of 2010 to approximately 17.5% for the corresponding period in 2011.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

The Group's cash and bank deposits (including the restricted cash) amounted to approximately RMB12,200.7 million as at 30 June 2011 (31 December 2010: approximately RMB9,853.1 million). As at 30 June 2011, approximately 57.7% and 42.3% of the Group's cash and bank deposits were denominated in Renminbi and other currencies (mainly US dollars and HK dollars), respectively.

As at 30 June 2011, the carrying amount of the restricted cash was approximately RMB4,419.5 million (31 December 2010: approximately RMB4,758.8 million). Pursuant to relevant regulations, certain project companies were required to deposit a portion of proceeds from pre-sales of properties into special bank accounts. Before the completion of the pre-sold properties, the proceeds deposited in the escrow accounts could only be used for the restricted purposes of purchasing construction materials, equipments, making interim construction payments and paying tax, with the prior approval of the relevant local authorities. Additionally, the Group had approximately US$250.0 million (equivalent to approximately RMB1,617.9 million) deposit as collateral for the Equity Swap with Merrill Lynch International.

Net current assets and current ratio

The Group had net current assets of approximately RMB19,196.4 million as at 30 June 2011 (31 December 2010: approximately RMB14,330.2 million). The current ratio being current assets over current liabilities increased from approximately 1.3 as at 31 December 2010 to approximately 1.4 as at 30 June 2011 due to the increase of properties under development under current assets from approximately RMB23,761.4 million as at 31 December 2010 to approximately RMB26,977.0 million as at 30 June 2011.

Debt and charges on Group assets

The Group had an aggregated debt as at 30 June 2011 of approximately RMB27,472.8 million, including bank borrowings of approximately RMB12,049.7 million, Bond of approximately RMB855.5 million, and senior notes of approximately RMB14,567.6 million.

For borrowings, approximately RMB4,941.8 million will be repayable within 1 year, approximately RMB6,684.7 million will be repayable between 2 and 5 years and the remaining approximately RMB423.2 million to be repayable within the future 5 to 10 years. As at 30 June 2011, the substantial part of the bank borrowings are secured by land use rights and properties of the Group and guaranteed by certain Group companies.

Gearing ratio

The gearing ratio is measured by the net debt (total debt net of disposable cash and cash equivalents) over the total capital and reserves attributable to owners of the Company. As at 30 June 2011, the gearing ratio was approximately 66.5% (31 December 2010: approximately 48.4%).

Interest rate risk

The weighted average interest rate of the Group's borrowing increased to approximately 6.81% in the first half of 2011 from approximately 5.52% as at 31 December 2010. In addition, the Group issued a senior notes in the first half of 2011, whose interest expense is calculated by effective rate method. The effective annual interest rate is approximately 11.69%. The Group has implemented certain measures to manage interest rate risk which includes, among others, close monitoring of interest rate movements and replacing and entering into new banking facilities when good pricing opportunities arise.

Risk of exchange rate fluctuation

The Group mainly operates in the PRC, so most of its revenue and expenses are measured in Renminbi. In the first half of 2011, the exchange rates of Renminbi to HK dollars and US dollars kept increasing steadily. For the six months ended 30 June 2011, there was an exchange gain of approximately RMB174.1 million. The directors expect that any fluctuation of Renminbi's exchange rate will not have material adverse effect on the operation of the Group.

Land appreciation tax

According to relevant regulations and laws of the State Administration of Taxation ("SAT"), in the past, the Group has made full provision of land appreciation tax ("LAT") but paid provisional LAT calculated according to certain rates (varying from 0.5% to 3%) over sales amounts assessed by local tax bureau. For the six months ended 30 June 2011, the Group had LAT expenses of approximately RMB475.3 million. As by 30 June 2011, the Group had LAT provision balance of approximately RMB1,573.0 million.

Contingent liability

As at 30 June 2011, the Group had some contingent liabilities relating to guarantees in respect of mortgage facilities for certain purchasers and borrowings amounting to approximately RMB16,203.2 million (31 December 2010: approximately RMB18,664.1 million).

Guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans are arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. Of the amounts as at 30 June 2011, approximately RMB182.1 million (31 December 2010: approximately RMB751.6 million) was to be discharged upon two years from the day the mortgaged loans become due; and approximately RMB16,021.1 million (31 December

2010: approximately RMB17,912.5 million) was to be discharged upon earlier of (i) issuance of the real estate ownership certificate which are generally be available within three months after the purchasers take possession of the relevant properties; and (ii) the satisfaction of mortgaged loans by the purchasers of properties.

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

In addition, of the contingent liability as at 30 June 2011, approximately RMB922.5 million represented the guarantee provided to Guangzhou Li He Property Development Company Limited for its bank borrowings.

Capital and property development commitments

As at 30 June 2011, the capital commitments in connection with the property development activities amounted to approximately RMB19,738.0 million (31 December 2010: approximately RMB12,281.9 million). This amount is primarily arising from contracted construction fees or other capital commitments for future property developments. The Group expects to fund these commitments principally from pre-sale proceeds of the properties and partly from bank borrowings.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2011, the Group had approximately 34,040 full-time employees, which had increased by approximately 3.3% from 32,943 as at 31 December 2010.

The remuneration package of the employees includes salary, bonus and other cash subsidies. The Company has designed an annual review system to assess the performance of the employees, which forms the basis of the determination on salary increase, bonus and promotion. The Group is subject to social insurance contribution plans organized by the PRC local governments. In accordance with the relevant national and local labor and social welfare laws and regulations, the Group is required to pay on behalf of the employees a monthly social insurance premium covering pension insurance, medical insurance, unemployment insurance and housing reserve fund. The Group believes the salaries and benefits that the employees received are competitive in comparison with market rates. The employees do not negotiate their terms of employment through any labor union or by way of collective bargaining agreements. The Group believes its relationship with the employees is good.

AUDIT COMMITTEE

The Audit Committee assists the Board in providing an independent review of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing the audit process and performing other duties and responsibilities as may be assigned by the Board from time to time. The members of the Audit Committee are all of the independent non-executive directors, namely Mr. LAI Ming, Joseph, Mr. SHEK Lai Him, Abraham and Mr. TONG Wui Tung, Ronald. Mr. LAI Ming, Joseph is the chairman of the Audit Committee.

The Audit Committee has reviewed with management the accounting policies and practices adopted by the Group and discussed, among other things, internal controls and financial reporting matters including a review of the unaudited interim results for the six months ended 30 June 2011. In addition, the independent auditor of the Company, PricewaterhouseCoopers, has reviewed the unaudited interim results for the six months ended 30 June 2011 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Listing Rules as the code for dealing in securities of the Company by the directors. After specific enquiry, all directors of the Company confirmed that they have complied with the required standard of dealings set out therein for six months ended 30 June 2011. No incident of non-compliance was noted by the Company to date in 2011. Relevant employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 June 2011, the Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in the Appendix 14 to the Listing Rules (the "Code"), except for the deviation from the code provision E.1.2 of the Code. Under the first part of code provision E.1.2 of the Code, the chairman of the board should attend the annual general meeting. The chairman of the Board was unable to attend the annual general meeting of the Company held on 28 April 2011 (the "Meeting") due to another business engagement. Mr. MO Bin, the president and executive director of the Company, chaired the Meeting on behalf of the chairman of the Board and was available to answer questions.

SHARE OPTION SCHEME

On 20 March 2007, a share option scheme (the "Scheme") was adopted and approved by their then shareholders of the Company for a period of 10 years commencing on the adoption date. Since the adoption date, the Board may, at its discretion, grant share options to any eligible person to subscribe for the shares in the Company subject to the terms and conditions as stipulated in the Scheme. No any share options have been granted since adoption.

EMPLOYEE INCENTIVE SCHEME

The trust deed in respect of the employee incentive scheme ("Employee Incentive Scheme") for the benefit of the senior management and employees of the Group which excludes any connected persons of the Company has been approved in principle, while the scheme rules are under preparation for the Board's approval. The purpose of the Employee Incentive Scheme is to provide the participants with an opportunity to hold a personal stake in the Company so as to motivate such participants and to enhance performance and efficiency. The Company did not purchase any shares during the period for the purpose of the Employee Incentive Scheme. As at 30 June 2011, the cumulative total number of the shares purchased for the purpose of the Employee Incentive Scheme were 87,176,819 shares.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2011, the Company had not redeemed, and neither the Company nor any of its subsidiaries had purchased or sold any of the shares of the Company.

INTERIM DIVIDEND

The Board resolved not to recommend the payment of an interim dividend for the six months ended 30 June 2011 (2010: Nil).

PUBLICATION OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE AND OF THE COMPANY

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

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

Hong Kong, 16 August 2011

As at the date of this announcement, the executive directors of the Company are Mr. YEUNG Kwok Keung, Mr. MO Bin, Ms. YANG Huiyan, Ms. YANG Ziying, Mr. YANG Erzhu, Mr. SU Rubo, Mr. ZHANG Yaoyuan, Mr. OU Xueming, Mr. YANG Zhicheng and Mr. YANG Yongchao. The independent non-executive directors of the Company are Mr. LAI Ming, Joseph, Mr. SHEK Lai Him, Abraham and Mr. TONG Wui Tung, Ronald.

http://www.countrygarden.com.cn