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 2012

FINANCIAL HIGHLIGHTS

- Total revenue for the six months ended 30 June 2012 amounted to approximately RMB16.8 billion, representing an increase of approximately 7.2% compared with the first six months of 2011; recognised average selling price of property reached approximately RMB6,636 per sq.m., representing an increase of approximately 29.6% compared with the first six months of 2011.
- Profit attributable to owners of the Company amounted to approximately RMB3.0 billion, representing an increase of approximately 3.7% compared with the first six months of 2011.
- The successful share placement earlier this year generated net proceeds of approximately HK$2.14 billion.
- Earnings per share amounted to approximately RMB16.64 cents, increased by approximately 1.2% compared with the first six months of 2011.[1]

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 2012.

1 Earnings per share for the six months ended 30 June 2011 has been adjusted for the effect of issuance of shares under the scrip dividend scheme in June 2012.

BUSINESS REVIEW AND OUTLOOK

The Group's total revenue and gross profit reached approximately RMB16,766.8 million and RMB6,958.9 million respectively, representing a year-on-year increase of approximately 7.2% and 36.8%, respectively. Recognised average selling price of property for the period rose on a year-on-year basis by approximately 29.6% to approximately RMB6,636 per sq.m., and has offset the impact on revenue due to an approximately 17.8% year-on-year decrease in recognised gross floor area ("GFA") to approximately 2.40 million sq.m.. Profit attributable to owners of the Company rose to approximately RMB2,976.1 million, posting a year-on-year increase of approximately 3.7%. The Board did not recommend the payment of interim dividend for the six months ended 30 June 2012.

During the period under review, Country Garden, as always, in accordance with national policies, actively responded to the market changes and made timely adjustments to its development and sales plan, offered high value-for-money products to suit the user-oriented demand. The Group's contracted sales in the first half of 2012 amounted to approximately RMB17.3 billion and contracted GFA totaled approximately 2.85 million sq.m., progress of which was in line with the target determined at the beginning of the year. Facing the ever-changing market environment, the Group has adopted active and flexible sales strategy. While the Group continued to further enhance the environmental features, ancillary facilities of its projects and its product quality, it also adopted various marketing activities which promoted sales and also benefited the Group's long-term sustainable development. The two major projects under promotion in the first half of 2012, namely Country Garden — Ten Miles Beach and Country Garden — Phoenix City (Jurong), have both launched its Phase 2 products in June. Country Garden — Ten Miles Beach recorded an absorption rate of approximately 90% on its debut date of Phase 2 launch while Country Garden — Phoenix City (Jurong) achieved an absorption rate of approximately 80% of its debut date of Phase 2 launch. These two projects have achieved transaction amounts of approximately RMB1.68 billion and RMB580 million respectively in June alone. In addition, the Group's first downtown project in Qingyuan City of Guangdong Province, named as Country Garden Shine Hill Lake City, commenced its debut launch in July and was well received by the customers, with approximately RMB540 million transactions achieved for the first two days of launch. The Group's first project in Chenzhou City of Hunan Province, named as Country Garden — Jade Hill, commenced its debut launch in August, and also recorded very good sales performance, with approximately RMB600 million transactions achieved on the first day of launch.

The Group continued to achieve strong results in Guangdong Province, its core market, which accounted for around 64% of the Group's total contracted sales in the first half of 2012. 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 to three years, the Board believes 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 set a solid foundation for the long-term development of the Group. The ratio of the contracted sales of the projects outside Guangdong Province to that of the Group has increased from approximately 24% in 2008 to approximately 36% in the first half of 2012, which verifies that the Group's successful business model in Guangdong Province is replicable in places outside Guangdong Province.

As of 30 June 2012, the Group had 110 projects under different stages of development, including 64 in Guangdong. Attributable GFA with land use right certificates, development and operation rights or land title was approximately 54.8 million sq.m. (approximately 46.5% in Guangdong), among which attributable GFA with construction permits was around 14.47 million sq.m..

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 2012 amounted to approximately RMB439.5 million, representing a year-on-year growth of about 36.1%. As of 30 June 2012, the Group operated 7 five-star hotels, 20 five-star standard hotels, as well as 2 four-star hotels, with a total of 8,882 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. In order to unlock the long-term potential of the hotel business, the Group has teamed up with world renowned hotel management groups such as Hilton and Maritim as a long-term strategy.

In the aspect of internal management, the Group further consolidated the achievements from the reforms since 2010. In particular, in the aspect of enriching customer service, the Group has established the Customer Relations Management Center in March 2012, the corresponding work of which will be carried out with the mission of "property owners as top priority; to realize value for the customers." The goal here is to continuously enhance customer satisfaction and corporate reputation.

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. On 29 February 2012, the Group successfully completed share placement which generated net proceeds of approximately HK$2.14 billion. It helps to reduce the Group's gearing level, broaden the capital base and shareholder base of the Company and also increase the liquidity of its shares, but without resulting in significant dilution on the earnings base and the shareholding percentage of the existing shareholders. The Group also announced the early termination of the equity swap, removing the potential overhang on the liquidity and trading of the Company's shares when the equity swap expires in 2013. As of 30 June 2012, the Group's net gearing ratio was approximately 58.0%, representing a decrease of approximately 5.3 percentage points as compared with the level as of 31 December 2011.

The Company appointed Ms. YANG Huiyan as the Vice Chairman of the Company on 27 March 2012. Ms. YANG joined the Group in 2005 as the Manager of Procurement Department, and was appointed as an executive director of the Company in December 2006. Ms. YANG graduated from Ohio State University with a degree in Marketing and Logistics. Ms. YANG is primarily responsible for the strategic development of the Group.

2012 marks the 20th anniversary of Country Garden, as well as the 5th anniversary of the Company's listing. 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 high 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 2012** *RMB'000*	Audited 31 December 2011 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**8,806,446**	8,055,297
Investment property		**122,146**	125,963
Intangible assets		**23,493**	18,496
Land use rights		**1,308,276**	1,326,078
Properties under development		**26,313,229**	26,551,380
Investment in an associate	7	**150,793**	204,762
Deferred income tax assets		**1,361,819**	1,299,297
		38,086,202	37,581,273
Current assets			
Properties under development		**33,839,253**	28,370,042
Completed properties held for sale		**15,571,751**	12,876,349
Inventories		**246,081**	248,795
Trade and other receivables	8	**13,591,456**	12,535,495
Prepaid taxes		**3,472,737**	3,305,092
Restricted cash		**4,155,751**	4,649,017
Cash and cash equivalents		**9,459,892**	7,744,362
		80,336,921	69,729,152
Total assets		**118,423,123**	107,310,425
EQUITY			
Equity attributable to owners of the Company			
Share capital and premium	9	**19,368,755**	15,382,196
Other reserves		**1,365,305**	1,367,898
Retained earnings			
— proposed final dividend		**—**	2,163,450
— others		**12,964,309**	10,076,693
		33,698,369	28,990,237
Non-controlling interests		**1,040,513**	1,077,027
Total equity		**34,738,882**	30,067,264

	Note	**Unaudited 30 June 2012** *RMB'000*	Audited 31 December 2011 *RMB'000*
LIABILITIES			
Non-current liabilities			
Bank borrowings		**10,259,005**	7,408,301
Senior notes	11	**14,278,442**	14,204,447
Convertible bond	10	**—**	884,128
Deferred government grants		**189,520**	189,520
Deferred income tax liabilities		**491,390**	785,163
		25,218,357	23,471,559
Current liabilities			
Advanced proceeds received from customers		**29,158,695**	27,865,011
Trade and other payables	12	**14,652,930**	12,810,345
Income tax payable		**6,649,823**	5,707,482
Bank borrowings		**7,090,699**	6,468,990
Derivative financial instruments	13	**—**	919,774
Convertible bond	10	**913,737**	—
		58,465,884	53,771,602
Total liabilities		**83,684,241**	77,243,161
Total equity and liabilities		**118,423,123**	107,310,425
Net current assets		**21,871,037**	15,957,550
Total assets less current liabilities		**59,957,239**	53,538,823

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Note	Unaudited Six months ended 30 June 2012 RMB'000	2011 RMB'000
Revenue	6	**16,766,777**	15,641,790
Cost of sales	15	**(9,807,900)**	(10,554,526)
Gross profit		**6,958,877**	5,087,264
Other gains — net	14	**20,662**	18,898
Selling and marketing costs	15	**(847,828)**	(412,248)
Administrative expenses	15	**(720,398)**	(514,027)
Operating profit		**5,411,313**	4,179,887
Finance income	16	**43,376**	46,128
Finance costs	16	**(337,593)**	(19,622)
Finance (costs)/income — net	16	**(294,217)**	26,506
Share of (loss)/profit of an associate	7	**(53,969)**	134,352
Fair value changes on derivative financial instruments		**73,585**	125,886
Profit before income tax		**5,136,712**	4,466,631
Income tax expense	17	**(2,135,239)**	(1,595,072)
Profit for the period		**3,001,473**	2,871,559
Other comprehensive income			
Currency translation differences		**(4,715)**	—
Total comprehensive income for the period		**2,996,758**	2,871,559
Profit attributable to:			
— Owners of the Company		**2,976,136**	2,870,575
— Non-controlling interests		**25,337**	984
		3,001,473	2,871,559
Total comprehensive income attributable to:			
— Owners of the Company		**2,973,543**	2,870,575
— Non-controlling interests		**23,215**	984
		2,996,758	2,871,559
Earnings per share attributable to owners of the Company (expressed in RMB cents per share)			
Basic and diluted	18	**16.64**	16.44

	Note	Unaudited Six months ended 30 June 2012 RMB'000	2011 RMB'000
Dividends	19	**—**	—

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 23 August 2012.

This interim financial information has not been audited.

2 BASIS OF PREPARATION

This interim financial information for the six months ended 30 June 2012 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 2011, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

3 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 2011, 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) The following new and amended standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2012:

- 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 did not 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 did not have a material impact on the Group's financial statements.

(ii) New and amended standards have been issued but are not effective for the financial year beginning 1 January 2012 and have not been early adopted:

- HKFRS 9, 'Financial instruments' addresses the classification, measurement and recognition of financial assets and financial liabilities. HKFRS 9 was issued in November 2009 and October 2010. It replaces the parts of HKAS 39 that relate to the classification and measurement of financial instruments. HKFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the HKAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than profit or loss, unless this creates an accounting mismatch. The Group is yet to assess HKFRS 9's full impact and intends to adopt HKFRS 9 no later than the accounting period beginning on or after 1 January 2015.

- HKFRS 10 'Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group is yet to assess HKFRS 10's full impact and intends to adopt HKFRS 10 no later than the accounting period beginning on or after 1 January 2013.

- HKFRS 11 'Joint arrangements' is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The Group is yet to assess HKFRS 11's full impact and intends to adopt HKFRS 11 no later than the accounting period beginning on or after 1 January 2013.

- HKFRS 12 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group is yet to assess HKFRS 12's full impact and intends to adopt HKFRS 12 no later than the accounting period beginning on or after 1 January 2013.

- HKFRS 13 'Fair value measurement' aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs. The Group is yet to assess HKFRS 13's full impact and intends to adopt HKFRS 13 no later than the accounting period beginning on or after 1 January 2013.

4 ESTIMATES

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2011.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2011.

There have been no significant changes in any risk management policies since 31 December 2011.

5.2 Fair value estimation

As at 30 June 2012, the Group did not have financial instruments stated at fair value.

6 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 has determined the operating segments based on these reports.

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

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

The ED assesses 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 income tax assets and collateral for the 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.

Capital expenditure comprises additions to property, plant and equipment, land use rights, investment property and intangible assets.

Revenue consists of the following:

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
Sales of properties	**15,959,470**	14,979,885
Rendering of construction, fitting and decoration services	**68,332**	98,364
Rendering of property management services	**299,498**	240,516
Rendering of hotel services	**439,477**	323,025
	16,766,777	15,641,790

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

The Group's entire 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 therefore presented.

The Group has a number of customers, no revenue from a customer exceed 5% 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 2012 is as follows:

	Property development	**Construction, fitting and decoration**	**Property management**	**Hotel operation**	**Total Group**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Six months ended 30 June 2012					
Total revenue	**15,959,470**	**3,685,765**	**299,564**	**454,932**	**20,399,731**
Inter-segment revenue	**—**	**(3,617,433)**	**(66)**	**(15,455)**	**(3,632,954)**
Revenue (from external customers)	**15,959,470**	**68,332**	**299,498**	**439,477**	**16,766,777**
Operating profit	**5,352,456**	**8,200**	**47,071**	**3,586**	**5,411,313**
At 30 June 2012					
Total segment assets	**105,362,565**	**2,941,138**	**682,851**	**8,074,750**	**177,061,304**
Capital expenditure	**258,499**	**4,046**	**5,767**	**667,637**	**935,949**
Total segment liabilities	**40,130,339**	**2,753,507**	**548,859**	**568,440**	**44,001,145**

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

	Property development	Construction, fitting and decoration	Property management	Hotel operation	Total Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*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 31 December 2011					
Total segment assets	93,587,632	2,612,195	476,717	7,759,359	104,435,903
Capital expenditure	655,324	5,006	15,004	2,137,572	2,812,906
Total segment liabilities	37,509,289	2,201,791	490,196	663,600	40,864,876

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

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
Total operating profit	**5,411,313**	4,179,887
Financial (costs)/income — net	**(294,217)**	26,506
Share of (loss)/profit of an associate	**(53,969)**	134,352
Fair value changes on derivative financial instruments	**73,585**	125,886
Profit before income tax	**5,136,712**	4,466,631
Income tax expense	**(2,135,239)**	(1,595,072)
Profit for the period	**3,001,473**	2,871,559

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

	As at	
	30 June 2012	31 December 2011
	RMB'000	*RMB'000*
Total segment assets	**117,061,304**	104,435,903
Deferred income tax assets	**1,361,819**	1,299,297
Collateral for Equity Swap	**—**	1,575,225
Total assets	**118,423,123**	107,310,425
Total segment liabilities	**44,001,145**	40,864,876
Deferred income tax liabilities	**491,390**	785,163
Income tax payable	**6,649,823**	5,707,482
Derivative financial instruments	**—**	919,774
Bank borrowings	**17,349,704**	13,877,291
Convertible bond	**913,737**	884,128
Senior notes	**14,278,442**	14,204,447
Total liabilities	**83,684,241**	77,243,161

7 INVESTMENT IN AN ASSOCIATE

	RMB'000
At 1 January 2011	83,825
Share of profit	120,937
At 31 December 2011	204,762
Share of loss	**(53,969)**
At 30 June 2012	**150,793**

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**	**Liabilities**	**Revenue**	**Share of loss**	**% interest held**
			RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	
Li He Property Development Company Limited ("Li He")	PRC	Development of a real estate project in Guangzhou	4,654,850	4,504,057	106,859	(53,969)	20%

The land of the aforementioned property development project of Li He consists of three phases. According to the agreed payment schedule of land premium, the third phase land premium of RMB10,200,000,000 should be settled in December 2011. As at 30 June 2012, there was an outstanding land premium totaling RMB9,200,000,000 remained unsettled. Management of Li He is in the progress of negotiating with relevant government authorities about the repayment schedule of this outstanding land premium and has made a progress payment of approximately RMB1,000,000,000 on 1 August 2012. Based on the continuing negotiation initiated by the management of Li He and their consultation with an external lawyer, the directors of the Company consider that the delayed payment of land premium does not render significant adverse impact on the operation results and financial position of the Group as at 30 June 2012.

8 TRADE AND OTHER RECEIVABLES

	As at	
	30 June 2012	31 December 2011
	RMB'000	*RMB'000*
Trade receivables (note (a))	**1,554,691**	1,181,362
Land auction deposits	**1,098,912**	1,195,382
Other receivables	**3,365,864**	1,865,709
Amount due from an associate	**839,745**	1,139,745
Amounts due from customers for contract work (note (b))	**432,289**	404,190
Prepayments for land (note (c))	**4,235,322**	4,293,512
Other prepayments	**2,064,633**	2,455,595
	13,591,456	12,535,495

As at 30 June 2012, the fair value of trade and other receivables approximates their carrying amounts.

Notes:

(a) Trade receivables are mainly arisen from sales of properties. The ageing analysis of trade receivables is as follows:

	As at	
	30 June 2012	31 December 2011
	RMB'000	*RMB'000*
Within 90 days	**1,249,110**	1,009,043
Over 90 days and within 180 days	**212,187**	110,161
Over 180 days and within 365 days	**51,819**	33,920
Over 365 days	**41,575**	28,238
	1,554,691	1,181,362

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

	As at 30 June 2012 RMB'000	31 December 2011 RMB'000
Cost incurred	**4,130,370**	4,077,952
Recognised profits	**1,763,678**	1,747,764
	5,894,048	5,825,716
Less: progress billings	**(5,461,759)**	(5,421,526)
Amounts due from customers	**432,289**	404,190
Including: Related companies	**398,932**	381,992
Third parties	**33,357**	22,198

(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 2012.

9 SHARE CAPITAL AND PREMIUM

		Number of ordinary shares	Nominal value of ordinary shares HK$'000	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Treasury Shares RMB'000	Total RMB'000
Authorised							
Authorised ordinary share of HK$0.10 each at 31 December 2011 and 30 Jun 2012		100,000,000,000	10,000,000	9,905,008	—	—	9,905,008
Issued and fully paid							
Opening balance at 1 January 2011		16,699,138,043	1,669,914	1,647,530	14,114,902	(370,328)	15,392,104
Treasury shares purchased		—	—	—	—	(9,908)	(9,908)
At 31 December 2011 and 1 January 2012		16,699,138,043	1,669,914	1,647,530	14,114,902	(380,236)	15,382,196
Issue of shares as a result of placing	(a)	677,191,602	67,719	54,895	1,679,694	—	1,734,589
Issue of shares as a result of the scrip dividend scheme	(b)	853,330,509	85,333	69,206	2,182,764	—	2,251,970
At 30 June 2012		**18,229,660,154**	**1,822,966**	**1,771,631**	**17,977,360**	**(380,236)**	**19,368,755**

Note:

(a) On 29 February 2012, the Company entered into a placing and subscription agreement with Concrete Win Limited ("Concrete Win"), the holding company of the Company, and certain placing agents (the "Agreement"). Pursuant to the Agreement, the Company conditionally agreed to issue to Concrete Win, and Concrete Win conditionally agreed to subscribe for 677,191,602 new shares of the Company at a price of HK$3.23 per share. On 8 March 2012, 677,191,602 new shares were issued and allotted at a price of HK$3.23 per share. These new shares are entitled to the scrip dividend as described in note (b) below.

(b) On 18 May 2012, a scrip dividend scheme was issued whereby the 2011 final dividend was satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to the shareholders to elect to receive such dividend in cash in lieu of such allotment. On 15 June 2012, 853,330,509 new shares were issued as of result of the above scrip dividend scheme at a price of HK$3.254 per share representing the average of the closing prices of the Company's ordinary shares for the five consecutive trading days up to and including 4 May 2012.

10 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 million). The Bond is listed on the Singapore Exchange Securities Trading Limited. At the option of bond holders, the aggregate amount of RMB4,314 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 costs 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 2009 at contracted price (the initial conversion price is HK$9.05 per share) at a fixed exchange rate of RMB0.922 to HK$1.

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.

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 allocated to the equity component is recognised in equity.

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

	RMB'000
Liability component as at 1 January 2011	1,381,054
Interest expenses	84,518
Coupon paid	(26,057)
Redemption	(555,387)
Liability component as at 31 December 2011	884,128
Interest expenses	**39,372**
Coupon paid	**(9,763)**
Liability component at 30 June 2012	**913,737**

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 2012, there was no conversion of the Bond.

11 SENIOR NOTES

The Group issued the following senior notes in the current and prior years:

(i) 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 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.

(ii) 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.

(iii) 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.

(iv) 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 2018 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 year 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.

(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 2012.

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 2011	8,872,270
Additions	5,770,437
Exchange gains	(664,889)
Interest expenses	1,503,628
Coupon paid	(1,276,999)
Carrying amount as at 31 December 2011	14,204,447
Exchange losses	**49,702**
Interest expenses	**805,940**
Coupon paid	**(781,647)**
Carrying amount as at 30 June 2012	**14,278,442**

12 TRADE AND OTHER PAYABLES

	As at	
	30 June 2012	31 December 2011
	RMB'000	*RMB'000*
Trade payables (note)	**9,327,673**	8,629,421
Other payables – third parties	**3,686,419**	2,305,622
Other taxes payable	**626,701**	604,993
Staff welfare benefit payable	**434,482**	917,749
Accrued expenses	**577,655**	352,560
	14,652,930	12,810,345

Note:

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

	As at	
	30 June 2012	31 December 2011
	RMB'000	*RMB'000*
Within 90 days	**8,800,575**	8,115,814
Over 90 days and within 180 days	**204,128**	200,181
Over 180 days and within 365 days	**195,269**	199,549
Over 365 days	**127,701**	113,877
	9,327,673	8,629,421

13 DERIVATIVE FINANCIAL INSTRUMENTS

Upon the issue of the RMB denominated USD settled 2.5% convertible bond as disclosed in note 10, 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, and as a result, the Company has put up collateral in the amount of US$250 million (the "Collateral") to Merrill Lynch International. 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 transactions entered with Merrill Lynch International, Merrill Lynch International would pay the Company an amount equivalent to the number of shares under the Equity Swap multiplied by the dividend per Company's share as a return of the Equity Swap.

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.

On 2 March 2012, the Company entered into an agreement with Merrill Lynch International to terminate the Equity Swap in whole. As a result of the termination of the Equity Swap, the Collateral was released and the Company is entitled to receive and has received approximately US$113 million of cash back as of 30 June 2012.

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

	As at	
	30 June 2012	31 December 2011
	RMB'000	*RMB'000*
Equity Swap	**—**	919,774

14 OTHER GAINS – NET

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
Return from Equity Swap	**—**	27,290
Forfeiture income	**11,182**	8,744
Gains on disposal of property, plant and equipment	**(194)**	271
Others	**9,674**	(17,407)
	20,662	18,898

15 EXPENSES BY NATURE

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
Advertising costs	**414,521**	165,258
Amortisation of intangible assets	**2,628**	2,771
Business taxes and other levies (note)	**1,062,017**	968,379
Costs of completed properties sold	**8,400,815**	9,441,399
Donations	**17,815**	18,192
Depreciation	**175,700**	128,918
Employee benefit expenses	**690,744**	491,149
Land use rights amortisation	**17,802**	13,401
Surveillance charges	**9,375**	12,427
Rental expenses	**18,281**	8,498
Others	**566,428**	230,409
Total cost of sales, selling and marketing costs and administrative expenses	**11,376,126**	11,480,801

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%
Property, fitting construction and decoration	3%
Property management	5%
Hotel operation	5%

16 FINANCE (COSTS)/INCOME – NET

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
Interest expenses:		
— Bank borrowings	**(745,202)**	(373,556)
— The Bond (note 10)	**(39,372)**	(46,183)
— Senior notes (note 11)	**(805,940)**	(720,433)
	(1,590,514)	(1,140,172)
Loss on redemption of the Bond	**—**	(243)
Less:		
— Net foreign exchange (loss)/gains on financing activities	**(36,194)**	174,113
— Amounts capitalised on qualifying assets	**1,289,115**	946,680
Finance costs	**(337,593)**	(19,622)
Finance income:		
— Interest income on short-term bank deposits	**43,376**	46,128
Finance (costs)/income – net	**(294,217)**	26,506

17 INCOME TAX EXPENSE

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
Current income tax		
— PRC enterprise income tax (note (a))	**1,196,380**	1,120,580
— Hong Kong profits tax (note (b))	**—**	—
— Land appreciation tax (note (c))	**1,295,154**	475,377
Deferred income tax	**(356,295)**	(885)
	2,135,239	1,595,072

(a) PRC enterprise income tax is provided at the rate of 25% (2011: 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.

Furthermore, in accordance with the "Corporate Income Tax Law of the People's Republic of China" and the "Implementation Regulations of the Corporate Income Tax Law of the People's Republic of China" promulgated by the State Council on 6 December 2007 and effective on 1 January 2008, an income tax rate of 10% shall be applicable to any dividends payable to non PRC Tax Resident Enterprises from PRC Tax Resident Enterprises.

In accordance with the "Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income", if the beneficial owner of the dividends is a company directly owning at least 25% of the capital of the company which pays the dividends, 5% of the gross amount of the dividends is applied.

(b) No Hong Kong profits tax was provided for the six months ended 30 June 2012 as the Group did not have any assessable profit (2011: 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.

18 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 Group and held as treasury shares (note 9).

	Six months ended 30 June	
	2012	2011
Profit attributable to owners of the Company	**2,976,136**	2,870,575
Weighted average number of ordinary shares in issue (thousands)	**17,883,883**	17,465,292
Basic (RMB cents per share)	**16.64**	16.44

Basic earnings per share for the six months ended 30 June 2011 was restated as a result of the issue of scrip dividend scheme (note 9(b)).

(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 2012 and 2011, diluted earnings per share is equal to basic earnings per share.

19 DIVIDENDS

The Board of Directors did not recommend the payment of any interim dividend for the six months ended 30 June 2012 (2011: Nil).

A final dividend in respect of 2011 of RMB12.96 cents per share, amounting to total dividends of approximately RMB2,251,970,000 has been declared in the Annual General Meeting on 26 April 2012.

On 18 May 2012, a scrip dividend scheme was issued whereby the 2011 final dividend was satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to the shareholders to elect to receive such dividend in cash in lieu of such allotment (note 9).

Financial Review

Revenue

Revenue of the Group was primarily comprised of the proceeds from the sales of properties and provision of services after the elimination of transactions among subsidiaries of the Company. Revenue was primarily generated from its four business segments: property development, construction, fitting and decoration, property management and hotel operation. Revenue increased by 7.2% to approximately RMB16,766.8 million in the first half of 2012 from approximately RMB15,641.8 million for the corresponding period in 2011, primarily attributable to the increase in sales of properties. Revenues generated from property development, construction, fitting and decoration, property management and hotel operation are approximately RMB15,959.5 million, RMB68.3 million, RMB299.5 million and RMB439.5 million, respectively.

Property development

Revenue generated from property development increased by 6.5% to approximately RMB15,959.5 million for the six months ended 30 June 2012 from approximately RMB14,979.9 million for the corresponding period in 2011. Total recognised GFA decreased by 17.8% to 2,404,849 sq.m. in the first half of 2012 from 2,925,087 sq.m. for the corresponding period in 2011. The recognised average selling price of property increased to approximately RMB6,636 per sq.m. in the first half of 2012 from approximately RMB5,121 per sq.m. for the corresponding period in 2011, which indicated a 29.6% increase.

Construction, fitting and decoration

Revenue generated from construction, fitting and decoration decreased by 30.6% to approximately RMB68.3 million for the six months ended 30 June 2012 from approximately RMB98.4 million for the corresponding period in 2011, primarily attributable to a decrease in the volume of construction 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 24.5% to approximately RMB299.5 million for the six months ended 30 June 2012 from approximately RMB240.5 million for the corresponding period in 2011, primarily attributable to an increase in the cumulative GFA under management resulting from the construction completion and delivery of properties such as Country Garden City Garden, Country Garden — Spring City, Xinhui Country Garden in the first half of 2012.

Hotel operation

Revenue generated from hotel operation increased by 36.1% to approximately RMB439.5 million for the six months ended 30 June 2012 from approximately RMB323.0 million for the corresponding period in 2011, primarily attributable to further maturity of the hotel segment and the opening of the five-star rating standard Maritim Hotel, Shenyang in July 2011 and Country Garden Phoenix Hotel, Chizhou in June 2012.

Cost of sales

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

Cost of sales decreased by 7.1% to approximately RMB9,807.9 million for the six months ended 30 June 2012 from approximately RMB10,554.5 million for the corresponding period in 2011. The decrease in cost of sales was in line with the decrease in total recognised GFA of properties.

Gross profit

Gross profit (before land appreciation tax provision) of the Group increased by 36.8% to approximately RMB6,958.9 million for the six months ended 30 June 2012 from approximately RMB5,087.3 million for the corresponding period in 2011. The gross margin for the six months ended 30 June 2012 increased to 41.5% from 32.5% for the corresponding period in 2011.

Other gains — net

Other gains — net of the Group increased slightly by 9.5% to approximately RMB20.7 million of gain for the six months ended 30 June 2012 from approximately RMB18.9 million of gain for the corresponding period in 2011.

Selling and marketing costs

Selling and marketing costs of the Group increased by 105.7% to approximately RMB847.8 million for the six months ended 30 June 2012 from approximately RMB412.2 million for the corresponding period in 2011, which was primarily attributable to a 150.8% increase in advertisement expense from approximately RMB165.3 million in the first half of 2011 to approximately RMB414.5 million for the corresponding period in 2012, as the Group made great efforts to promote the sales of major projects in the first half of 2012 by launching more advertisements, such as Country Garden — Ten Miles Beach and Country Garden — Phoenix City (Jurong).

Administrative expenses

Administrative expenses of the Group increased by 40.2% to approximately RMB720.4 million for the six months ended 30 June 2012 from approximately RMB514.0 million for the corresponding period in 2011, primarily attributable to a 42.7% increase of salary expenses from approximately RMB182.4 million for the six months ended 30 June 2011 to approximately RMB260.2 million for the corresponding period in 2012.

Finance (costs)/income — net

The group recorded finance costs — net of approximately RMB294.2 million for the six months ended 30 June 2012, compared to finance income — net of approximately RMB26.5 million for the corresponding period in 2011. Total interest expenses increased by 39.5% to approximately RMB1,590.5 million for the six months ended 30 June 2012 from approximately RMB1,140.2 million for the corresponding period in 2011. The capitalised interest expenses increased by 36.2% to approximately RMB1,289.1 million for the six months ended 30 June 2012 from approximately RMB946.7 million for the corresponding period in 2011. In addition, the exchange rates of Renminbi to HK dollars and US dollars declined slightly, the group recorded the net exchange loss of approximately RMB36.2 million for the six months ended 30 June 2012, compared to the net exchange gain of approximately RMB174.1 million for the corresponding period in 2011.

Fair value changes on derivative financial instruments

On 22 February 2008, the Company entered into a cash settled equity swap transaction (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. On 29 February 2012, the Company terminated the Equity Swap in whole. Measured by the termination price, the gain from the fair value change on the equity swap since 1 January 2012 to the termination date was approximately RMB73.6 million.

Profit attributable to owners of the Company

Profit attributable to owners of the Company for the six months ended 30 June 2012 increased by 3.7% to approximately RMB2,976.1 million from approximately RMB2,870.6 million for the corresponding period in 2011. The net earning margin decreased slightly from 18.4% for the first half of 2011 to 17.8% for the corresponding period in 2012.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

The Group's cash and bank deposits (including the restricted cash) amounted to approximately RMB13,615.6 million as at 30 June 2012 (31 December 2011: approximately RMB12,393.4 million). As at 30 June 2012, 91% and 9% 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 2012, the carrying amount of the restricted cash was approximately RMB4,155.8 million (31 December 2011: approximately RMB4,649.0 million). Pursuant to relevant regulations, certain project companies were required to deposit a portion of proceeds from pre-sales of properties into designated bank accounts. Before 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.

Net current assets and current ratio

The Group had net current assets of approximately RMB21,871.0 million as at 30 June 2012 (31 December 2011: approximately RMB15,957.6 million). The current ratio being current assets over current liabilities increased from approximately 1.3 as at 31 December 2011 to approximately 1.4 as at 30 June 2012.

Debt and charges on group assets

The Group had an aggregated debt as at 30 June 2012 of approximately RMB32,541.9 million, including borrowings of approximately RMB17,349.7 million, convertible bond of approximately RMB913.7 million, and senior notes of approximately RMB14,278.5 million.

For borrowings, approximately RMB7,090.7 million will be repayable within 1 year, approximately RMB9,739.0 million will be repayable between 2 and 5 years and the remaining approximately RMB520.0 million to be repayable beyond 5 years. As at 30 June 2012, the substantial part of borrowings are secured by land use rights and properties of the Group and guaranteed by group companies.

Gearing ratio

The gearing ratio is measured by the net debt (total debt net of disposable cash and cash equivalents) over the equity attributable to owners of the Company. As at 30 June 2012, the gearing ratio was 58.0% (31 December 2011: 63.3%).

Interest rate risk

The weighted average interest rate of the Group's borrowings increased to approximately 9.49% in the first half of 2012 from approximately 7.21% in 2011. The Group has implemented certain interest rate management which includes, among the 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 2012, the exchange rates of Renminbi to HK dollars and US dollars declined slightly. For the six months ended 30 June 2012, there was a net exchange loss of approximately RMB36.2 million. The Directors expect that any fluctuation of Renminbi's exchange rate will not have material adverse effect on the operations of the Group.

Land appreciation tax

According to relevant regulations and laws of the State Administration of Taxation, 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 5%) over sales amounts assessed by local tax bureau. For the six months ended 30 June 2012, the Group's LAT expenses were approximately RMB1,295.2 million.

Contingent liability

As at 30 June 2012, the Group had contingent liabilities relating to guarantees in respect of mortgage facilities for certain purchasers amounting to approximately RMB16,390.5 million (31 December 2011: approximately RMB15,783.0 million).

The above guarantees represent the guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans 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. As at 30 June 2012, the amount of approximately RMB33.3 million (31 December 2011: approximately RMB106.4 million) was to be discharged two years from the day when the mortgaged loans become due; and approximately RMB16,357.2 million (31 December 2011: approximately RMB15,676.6 million) was to be discharged upon earlier of (i) issuance of the real estate ownership certificate which are generally to be available within three months after the purchasers take possession of the relevant properties; or (ii) the satisfaction of mortgage loan by the purchasers of properties.

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

In addition, of the total contingent liabilities as at 30 June 2012, approximately RMB1,897.9 million represented the guarantee provided to Guangzhou Li He Property Development Company Limited for its borrowings.

Capital and property development commitments

As at 30 June 2012, the commitments in connection with capital and property development expenditures amounted to approximately RMB18,756.8 million (31 December 2011: approximately RMB19,196.1 million). This amount primarily arose 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 2012, the Group had approximately 34,353 full-time employees (31 December 2011: 35,206).

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

AUDIT COMMITTEE

The Audit Committee was established with terms of reference in compliance with Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and 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 2012. In addition, the independent auditor of the Company, PricewaterhouseCoopers, has reviewed the unaudited interim results for the six months ended 30 June 2012 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 ("HKICPA").

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 2012. No incident of non-compliance was noted by the Company to date in 2012. 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 AND CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2012, the Company has complied with the code provisions of the Code on Corporate Governance Practices (effective until 31 March 2012) and the Corporate Governance Code (newly effective from 1 April 2012) 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 26 April 2012 (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 acquired 4,555,816 shares during the period by way of scrip dividend. As at 30 June 2012, the cumulative total number of the shares acquired for the purpose of the Employee Incentive Scheme were 97,316,635 shares.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2012, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities, except for (i) those referred to under the section Employee Incentive Scheme and (ii) the convertible bond referred to as set out in Note 10 to the consolidated financial statements in this announcement.

INTERIM DIVIDEND

The Board resolved not to recommend the payment of an interim dividend for the six months ended 30 June 2012 (2011: 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, 23 August 2012

As at the date of this announcement, the executive directors of the Company are Mr. YEUNG Kwok Keung (Chairman), Ms. YANG Huiyan (Vice Chairman), Mr. MO Bin, 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.