

[For immediate release]



## Country Garden Announces Interim Results 2012

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**Total Revenue Amounted to RMB 16.8 Billion  
Profit Attributable to Owners of the Company Reached RMB 3 Billion**

### 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 corresponding period 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.<sup>1</sup>

(23 August 2012 – Hong Kong) Country Garden Holdings Company Limited ("Country Garden" or the "Group", SEHK stock code: 2007), one of the leading integrated property developers in China, is pleased to announce the interim results for the six months ended 30 June 2012.

During the period under review, 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 totalled approximately 2.85 million sq.m., progress of which was in line with the target determined at the beginning of the year.

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<sup>1</sup> Earnings per share of 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.

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 54.80 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.

## **Major Business Review**

### Property development

Revenue generated from property development increased by 6.5% to approximately RMB15,959.5 million for the six month 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.

### 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.

### 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.

### Cash, debt position and gearing ratio

The Group's cash and bank deposits (including the restricted cash) amounted to approximately RMB13,615.6 million as of 30 June 2012 (31 December 2011: approximately RMB12,393.4 million). The Group had an aggregated debt as of 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. 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 of 30 June 2012, the gearing ratio was 58.0% (31 December 2011: 63.3%).

2012 marks the 20<sup>th</sup> anniversary of Country Garden, as well as the 5<sup>th</sup> 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 higher value-for-money property products, creating value for the society and generating satisfactory returns for our shareholders.

### **About Country Garden**

Country Garden is one of China's leading integrated property developers. It has standardized operations with business comprising construction, installation, fitting, project management, property management, as well as hotel development and management. In addition, "Country Garden" has been named by the PRC State Administration for Industry and Commerce as "China's Well-Known Trademarks" in the property sector in 2006. The Group became a constituent stock of MSCI Global Standard Indices on 1 September 2007. It also became a constituent stock of Hang Seng Composite Index 200 and Hang Seng Mainland Composite Index on 10 September 2007.

### **Forward-looking Information**

This press release contains forward-looking statements. These forward-looking statements are based on current expectations. These statements are not guarantees of future events or results. Future events and results involve some risks, uncertainties and assumptions that are difficult to predict. Actual events and results could vary materially from the description contained herein due to many factors including changes in the business and financial condition of the Company and its subsidiaries, changes in the condition of the PRC economy and property market, and changes in the capital markets in general.

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