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 2013

FINANCIAL HIGHLIGHTS

- Total revenue for the six months ended 30 June 2013 amounted to approximately RMB26.94 billion, representing an increase of approximately 60.7% compared with the first six months of 2012; recognized GFA reached approximately 3.86 million sq.m., representing an increase of approximately 60.4% compared with the first six months of 2012.

- Profit attributable to owners of the Company amounted to approximately RMB4.32 billion, representing an increase of approximately 45.0% compared with the first six months of 2012.

- Successfully issued 7.5% 10-year US$750 million senior notes in January 2013.

- Earnings per share amounted to approximately RMB23.78 cents, increased by approximately 42.9% compared with the first six months of 2012.

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 2013.

BUSINESS REVIEW AND OUTLOOK

The Group's total revenue reached approximately RMB26,944.4 million, representing a year-on-year increase of approximately 60.7%. Profit attributable to owners of the Company rose to approximately RMB4,316.2 million, posting a year-on-year increase of approximately 45.0%. The Board did not recommend the payment of interim dividend for the six months ended 30 June 2013.

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. Facing the ever-changing market environment, while the Group continued to further enhance the environmental features, ancillary facilities of its projects and its product quality, it also adopted various active and flexible sales strategies and marketing activities which promoted sales and also benefited the Group's long-term sustainable development. The Group achieved contracted sales of approximately RMB33.65 billion, and contracted gross floor area ("GFA") of approximately 5.07 million sq.m. during the first half of 2013, representing year-on-year growth of approximately 94% and 78% respectively. Among which, Country Garden Hill Lake Bay[1] (Guangzhou Nansha) recorded contracted sales of approximately RMB1.71 billion during the period, while Country Garden Grand Garden[2] (Dongguan Tangxia) and Country Garden — Galaxy Palace (Shenyang) also achieved contracted sales of approximately RMB1.66 billion and RMB1.63 billion respectively. During the first half of 2013, the Company launched a total of 5 new projects, all of them located outside Guangdong Province (two in Jiangsu Province and one each in Zhejiang Province, Hainan Province and Chongqing Municipality). These new projects were well received by the market once being launched, with aggregate transaction amount of approximately RMB3.37 billion recorded during the period.

The Group continued to achieve strong results in Guangdong Province, its core market, which accounted for around 55% of the Group's total contracted sales during the first half of 2013. 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 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 45% in the first half of 2013, which verifies that the Group's successful business model in Guangdong Province is replicable in places outside Guangdong Province. With the steady development in China, Country Garden has also extended its footprints overseas. Country Garden Danga Bay, located in Johor Bahru of Malaysia but also closely accessible to Singapore, being our firstly launched project overseas, is going to mark an important step forward for Country Garden's development.

1 Also named Country Garden — Tianxi Bay
2 Also named Guanlan Country Garden

As of 30 June 2013, the Group had 134 projects under different stages of development, including 70 in Guangdong. Attributable GFA with land use right certificates, development and operation rights or land title was approximately 62.67 million sq.m. (approximately 42% in Guangdong), among which attributable GFA with construction permits was around 18.24 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. As of 30 June 2013, the Group operated 35 five-star or five-star standard hotels, as well as 2 four-star hotels, with a total of 11,119 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 the aspect of internal management, the Group further consolidated the achievements from the reforms since 2010. The Group continued to fine-tune its organization structure, management processes and the result-oriented performance appraisal system, meanwhile maintained a close monitoring of the various pre-determined performance indicators imposed on its projects. With a more precise process management, the project execution efficiency and product quality have been greatly enhanced. In addition, the Group has introduced a result-oriented project incentive scheme (including granting cash awards and share options), in order to make it more incentivized and to allow our staff (including executive directors) to better share and enjoy the achievement with the Group together.

In addition, the Company has appointed four executive directors on 29 May. Of which, Mr. Zhu Rongbin, the Associate President, had 18 years of experience in property development and related business, and is a national registered supervisor engineer, a national registered cost engineer and a senior engineer. He was director, assistant general manager and general manager (eastern China region) of China Overseas Property Group Company Limited, and vice president and general manager (southern China region) of Guangzhou R&F Properties Co., Ltd. Mr. Zhu is primarily responsible for the management of investment, commercial and product design of the Group. The other three executive directors, Mr. Xie Shutai, Mr. Song Jun, and Mr. Liang Guokun, are long-serving outstanding senior management promoted internally who have made enormous contribution to the Group during their services. The Group has a strong and effective leadership possessing with expertise in various aspects of property development and corporate governance, which is beneficial for its long-term and sustainable development and healthy growth.

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 January 2013, the Company took advantage of the market opportunity and issued 7.5% 10-year US$750 million senior notes. Part of the net proceeds from the issue has been used to redeem the Company's convertible bonds which matured in February 2013, with remaining portion to fund existing and new property projects (including construction costs and land premiums) and for general corporate purposes. The issuance has a longer tenor than the Company's previous issuances but at a much lower coupon rate, and received significant oversubscription, which once again, demonstrates investors' confidence in and recognition of the Group's operation model and financial strength.

"Country Garden's China Dream" is the Group's theme of brand promotion for 2013. The Group is dedicated to realize the dream of producing residences that are affordable by the general public, the dream of contributing to the country and society by honoring our social responsibility, and the dream of enabling our residents, staff and business partners to prosper along with us and establishing a classic model of a happy community.

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 2013** *RMB'000*	Audited 31 December 2012 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**12,839,180**	11,613,913
Investment property		**114,512**	118,329
Intangible assets		**23,527**	22,632
Land use rights		**1,884,031**	1,390,218
Properties under development		**28,657,404**	25,700,500
Investment in an associate	7	**87,607**	114,351
Deferred income tax assets		**1,406,575**	1,449,327
Available-for-sale financial assets	8	**200,000**	—
Other non-current assets	9	**—**	201,722
		45,212,836	40,610,992
Current assets			
Properties under development		**46,440,078**	39,155,431
Completed properties held for sale		**18,347,835**	18,497,241
Inventories		**422,702**	347,514
Trade and other receivables	10	**18,398,636**	17,123,921
Prepaid taxes		**4,551,929**	3,927,083
Restricted cash		**6,296,054**	5,050,935
Cash and cash equivalents		**15,216,311**	11,809,031
		109,673,545	95,911,156
Total assets		**154,886,381**	136,522,148
EQUITY			
Equity attributable to owners of the Company			
Share capital and premium	11	**20,169,019**	19,368,755
Other reserves		**1,846,836**	1,901,964
Retained earnings			
— proposed dividend		**—**	2,527,303
— others		**18,142,310**	13,779,127
		40,158,165	37,577,149
Non-controlling interests		**1,499,256**	1,307,259
Total equity		**41,657,421**	38,884,408

	Note	**Unaudited 30 June 2013** *RMB'000*	Audited 31 December 2012 *RMB'000*
LIABILITIES			
Non-current liabilities			
Bank and other borrowings		**20,088,470**	13,603,287
Senior notes	12	**18,725,307**	14,213,224
Deferred government grants		**239,520**	189,520
Deferred income tax liabilities		**1,063,628**	924,381
		40,116,925	28,930,412
Current liabilities			
Advanced proceeds received from customers		**39,396,542**	33,353,645
Trade and other payables	13	**19,156,558**	19,030,298
Income taxes payable		**7,735,569**	7,227,236
Bank and other borrowings		**6,823,366**	8,152,283
Convertible bond	14	**—**	943,866
		73,112,035	68,707,328
Total liabilities		**113,228,960**	97,637,740
Total equity and liabilities		**154,886,381**	136,522,148
Net current assets		**36,561,510**	27,203,828
Total assets less current liabilities		**81,774,346**	67,814,820

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

		Unaudited Six months ended 30 June	
		2013	2012
	Note	***RMB'000***	*RMB'000*
Revenue	6	**26,944,372**	16,766,777
Cost of sales	16	**(17,813,760)**	(9,807,900)
Gross profit		**9,130,612**	6,958,877
Other gains — net	15	**41,645**	20,662
Selling and marketing costs	16	**(1,529,484)**	(847,828)
Administrative expenses	16	**(877,814)**	(720,398)
Operating profit		**6,764,959**	5,411,313
Finance income	17	**399,148**	43,376
Finance costs	17	**—**	(337,593)
Finance income/(costs) — net	17	**399,148**	(294,217)
Share of loss of an associate and a jointly controlled entity	7, 9	**(28,466)**	(53,969)
Fair value changes on derivative financial instruments		**—**	73,585
Profit before income tax		**7,135,641**	5,136,712
Income tax expenses	18	**(2,768,833)**	(2,135,239)
Profit for the period		**4,366,808**	3,001,473
Other comprehensive income			
Items that may be reclassified to profit or loss:			
— Currency translation differences		**(43,263)**	(4,715)
Total comprehensive income for the period		**4,323,545**	2,996,758
Profit attributable to:			
— Owners of the Company		**4,316,190**	2,976,136
— Non-controlling interests		**50,618**	25,337
		4,366,808	3,001,473
Total comprehensive income attributable to:			
— Owners of the Company		**4,290,863**	2,973,543
— Non-controlling interests		**32,682**	23,215
		4,323,545	2,996,758
Earnings per share attributable to owners of the Company (expressed in RMB cents per share)			
Basic	19	**23.78**	16.64
Diluted	19	**23.75**	16.64

		Unaudited Six months ended 30 June	
		2013	2012
	Note	***RMB'000***	*RMB'000*
Dividends	20	**—**	—

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") are 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 Renminbi ("RMB"), unless otherwise stated, and was approved by the Board of Directors of the Company for issue on 6 August 2013.

This interim financial information has not been audited.

Key events

On 10 January 2013, the Company issued senior notes in an aggregate principal amount of USD750,000,000. These senior notes are listed on the Singapore Exchange Securities Trading Limited and carry interest at the rate of 7.5% per annum, payable semi-annually on 10 January and 10 July in arrears, and will mature on 10 January 2023, unless redeemed earlier. Details of these senior notes are set out in note 12.

In February 2013, the convertible bond matured and was redeemed in whole at an amount of USD152,405,000 (equivalent to RMB957,163,000) (note 14).

2 BASIS OF PREPARATION

This interim financial information for the six months ended 30 June 2013 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 2012, 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 POLICES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2012, 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.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs. Available-for-sale financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in profit or loss as "gains or losses from investment securities".

(i) **The following new and amended standards and interpretations are mandatory and relevant to the Group for the first time for the financial year beginning 1 January 2013:**

- Amendment to HKAS 1, 'Financial statements presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. This amendment did not have a material impact on the Group's consolidated financial statements.

- 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. This new standard did not have a material impact on the Group's consolidated financial statements.

- HKAS 27 (revised 2011) 'Separate financial statements' includes the provisions on separate financial statements that are left after the control provisions of HKAS 27 have been included in the new HKFRS 10. This revised standard did not have a material impact on the Group's consolidated financial statements.

- 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. This new standard did not have a material impact on the Group's consolidated financial statements.

- HKAS 28 (revised 2011) 'Associates and joint ventures' includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of HKFRS 11. This revised standard did not have a material impact on the Group's consolidated financial statements.

- 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. This new standard did not have a material impact on the Group's consolidated financial statements.

- Amendments to HKFRSs 10, 11 and 12 on transition guidance. These amendments provide additional transition relief to HKFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before HKFRS 12 is first applied. These amendments did not have a material impact on the Group's consolidated financial statements.

- 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. This new standard did not have a material impact on the Group's consolidated financial statements.

- Amendment to HKFRS 7, 'Financial instruments: Disclosures-Offsetting financial assets and financial liabilities'. The amendments require new disclosure requirements which focus on quantitative information about recognised financial instruments that are offset in the statement of financial position, as well as those recognised financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset. This amendment did not have a material impact on the Group's consolidated financial statements.

- Amendment to HKAS 34, "Interim financial reporting". The amendment clarifies the disclosure requirements for segment assets and liabilities in interim financial statements. This amendment did not have a material impact on the Group's consolidated financial statements.

(ii) New and revised standards and amendments to existing standards have been issued and relevant to the Group but are not effective for the financial year beginning 1 January 2013 and have not been early adopted:

- Amendment to HKAS 32 'Financial instruments: Presentation' on asset and liability offsetting. These amendments are to the application guidance in HKAS 32, 'Financial instruments: Presentation', and clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The above amendment will be effective for annual periods beginning on or after 1 January 2014 and the Group is yet to assess the impact of this amendment on the Group's consolidated financial statements.

- Amendments to HKFRS 10, HKFRS12 and HKAS 27, "Investment entities", provide an exception to the consolidation requirements in HKFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendments also set out disclosure requirements for investment entities. These amendments are effective from 1 January 2014 with early adoption permitted in order to allow investment entities to apply the amendments at the same time they first apply the rest of HKFRS 10. The Group is yet to assess the impact of these amendments on the Group's consolidated financial statements.

- 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 amortised 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 above new standard will be effective for annual periods beginning on or after 1 January 2015 and the Group is yet to assess the impact of this new standard on the Group's consolidated financial statements.

- HKFRS 7 and HKFRS 9 (Amendments) "Mandatory effective date and transition disclosures" delay the effective date to annual periods beginning on or after 1 January 2015, and also modify the relief from restating prior periods. As part of this relief, additional disclosures on transition from HKAS 39 to HKFRS 9 are required. The above amendments will be effective for annual periods beginning on or after 1 January 2015 and the Group is yet to assess the impact of these amendments on the Group's consolidated financial statements.

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 2012.

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 2012.

There have been no significant changes in any risk management policies since 31 December 2012.

5.2 Fair value estimation

The different levels of financial instruments carried at fair value have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

At 30 June 2013, the Group has no level 1 or level 2 financial instruments, the only level 3 financial instrument represents the available-for-sale financial assets (note 8). At 31 December 2012, the Group had no financial instruments stated at fair value.

6 SEGMENT INFORMATION

The executive directors of the Company (the "ED") reviews 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, 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 available-for-sale financial assets. Segment liabilities consist primarily of operating liabilities. They exclude bank and other borrowings, convertible bond, senior notes, deferred income tax liabilities and income taxes 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	
	2013	2012
	RMB'000	*RMB'000*
Sales of properties	**25,738,554**	15,959,470
Rendering of construction, fitting and decoration services	**452,966**	68,332
Rendering of property management services	**325,229**	299,498
Rendering of hotel services	**427,623**	439,477
	26,944,372	16,766,777

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 2013 is as follows:

	Property development *RMB'000*	**Construction, fitting and decoration** *RMB'000*	**Property management** *RMB'000*	**Hotel operation** *RMB'000*	**Total Group** *RMB'000*
Six months ended 30 June 2013					
Total revenue	**25,738,554**	**5,558,578**	**325,229**	**500,223**	**32,122,584**
Inter-segment revenue	**—**	**(5,105,612)**	**—**	**(72,600)**	**(5,178,212)**
Revenue (from external customers)	**25,738,554**	**452,966**	**325,229**	**427,623**	**26,944,372**
Operating profit	**6,722,817**	**80,854**	**16,683**	**(55,395)**	**6,764,959**
At 30 June 2013					
Total segment assets	**134,287,724**	**7,038,046**	**1,150,061**	**10,803,975**	**153,279,806**
Capital expenditure	**1,315,662**	**140,892**	**8,328**	**574,188**	**2,039,070**
Total segment liabilities	**51,218,638**	**6,193,102**	**835,417**	**545,463**	**58,792,620**

The segment information provided to the ED for the reportable segments for the six months ended 30 June 2012 was as follows:

	Property development *RMB'000*	Construction, fitting and decoration *RMB'000*	Property management *RMB'000*	Hotel operation *RMB'000*	Total Group *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 31 December 2012					
Total segment assets	120,741,925	4,153,938	1,112,228	9,064,730	135,072,821
Capital expenditure	779,571	6,258	12,481	3,156,125	3,954,435
Total segment liabilities	47,653,800	3,508,785	790,201	620,677	52,573,463

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

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Total operating profit	**6,764,959**	5,411,313
Financial income/(costs) — net	**399,148**	(294,217)
Share of loss of an associate and a jointly controlled entity	**(28,466)**	(53,969)
Fair value changes on derivative financial instruments	**—**	73,585
Profit before income tax	**7,135,641**	5,136,712
Income tax expenses	**(2,768,833)**	(2,135,239)
Profit for the period	**4,366,808**	3,001,473

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

	As at	
	30 June	31 December
	2013	2012
	RMB'000	*RMB'000*
Total segment assets	**153,279,806**	135,072,821
Deferred income tax assets	**1,406,575**	1,449,327
Available-for-sale financial assets	**200,000**	—
Total assets	**154,886,381**	136,522,148
Total segment liabilities	**58,792,620**	52,573,463
Deferred income tax liabilities	**1,063,628**	924,381
Income taxes payable	**7,735,569**	7,227,236
Bank and other borrowings	**26,911,836**	21,755,570
Convertible bond	**—**	943,866
Senior notes	**18,725,307**	14,213,224
Total liabilities	**113,228,960**	97,637,740

7 INVESTMENT IN AN ASSOCIATE

	RMB'000
At 1 January 2012	204,762
Share of loss	(90,411)
At 31 December 2012	114,351
Share of loss	**(26,744)**
At 30 June 2013	**87,607**

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 loss** *RMB'000*	**% interest held**
Li He Property Development Company Limited ("Li He")	PRC	Property Development	4,392,323	4,304,716	155,470	(26,744)	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 2013, land premium totaling RMB7,700,000,000 remained unsettled. Management of Li He is in the progress of negotiating with related government authorities about the payment schedule of this outstanding land premium. Based on the continuing negotiation initiated by the management of Li He and their consultation with external lawyer, the directors of the Company consider that the delay in payment of land premium does not render significant adverse impact on the operation results and financial position of the Group as at 30 June 2013.

8 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	As at	
	30 June 2013	31 December 2012
	RMB'000	*RMB'000*
Unlisted equity investment at fair value	**200,000**	—

Available-for-sale financial assets is analysed as follows:

	RMB'000
At 1 January 2012/31 December 2012	—
Transfers from other non-current assets *(note 9)*	**200,000**
At 30 June 2013	**200,000**

The Group's available-for-sale financial assets represent the 3.95% equity interest in an unlisted investment fund company which was established in March 2013. The available-for-sale financial assets are denominated in RMB.

9 OTHER NON-CURRENT ASSETS

	As at	
	30 June	31 December
	2013	2012
	RMB'000	*RMB'000*
Prepayment for an investment *(note (a))*	**—**	200,000
Investment in a jointly controlled entity *(note (b))*	**—**	1,722
	—	201,722

Notes:

(a) In November 2012, the Group entered into an investment agreement with certain PRC companies to establish an investment fund company. Pursuant to the investment agreement, the Group made an investment of RMB200,000,000 which was recorded in other non-current assets at 31 December 2012. In March 2013, the investment fund company was established and the above investment was transferred to available-for-sale financial assets (note 8).

(b) Investment in a jointly controlled entity is analysed as follows:

	RMB'000
At 1 January 2012	—
Capital injection	5,000
Share of loss	(3,278)
At 31 December 2012	1,722
Share of loss	**(1,722)**
At 30 June 2013	**—**

At 30 June 2013, the Group held 50% equity interest in Zhongshan Yahong Property Development Company Limited ("Zhongshan Yahong") which is established in the PRC and its principle activities are property development.

10 TRADE AND OTHER RECEIVABLES

	As at	
	30 June 2013	31 December 2012
	RMB'000	*RMB'000*
Trade receivables *(note (a))*	**3,126,545**	2,968,240
Land auction deposits	**2,012,759**	1,360,698
Other receivables *(note (b))*	**3,586,845**	2,920,761
Amount due from an associate	**1,239,745**	1,139,745
Amounts due from customers for contract work *(note (c))*	**996,464**	657,131
Prepayments for land *(note (d))*	**4,611,907**	5,212,879
Amount due from a jointly controlled entity	**302,818**	254,560
Other prepayments *(note (e))*	**2,521,553**	2,609,907
	18,398,636	17,123,921

As at 30 June 2013, the fair value of trade and other receivables approximates their carrying amounts.

Notes:

(a) Trade receivables are mainly arisen from sales of properties and rendering of property management services. Property buyers are generally granted credit terms of 1 to 6 months, while there are generally no credits terms available for property management business. The ageing analysis of trade receivables base on revenue recognition date is as follows:

	As at	
	30 June 2013	31 December 2012
	RMB'000	*RMB'000*
Within 90 days	**2,620,543**	2,486,415
Over 90 days and within 180 days	**201,269**	188,987
Over 180 days and within 365 days	**192,513**	184,038
Over 365 days	**112,220**	108,800
	3,126,545	2,968,240

(b) Other receivables mainly represent advances made to outsourced construction and design vendors, which are interest-free, unsecured and repayable on demand.

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

	As at	
	30 June 2013	31 December 2012
	RMB'000	*RMB'000*
Cost incurred	**4,547,776**	4,184,249
Recognised profits	**2,045,184**	1,955,745
	6,592,960	6,139,994
Less: progress billings	**(5,596,496)**	(5,482,863)
Amounts due from customers	**996,464**	657,131
Including: Related companies	**558,070**	447,124
Third parties	**438,394**	210,007

(d) 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 2013.

(e) Other prepayments mainly represent prepayments for purchases of construction materials and services.

11 SHARE CAPITAL AND PREMIUM

	Note	**Number of ordinary shares**	**Nominal value of ordinary shares**	**Equivalent nominal value of ordinary shares**	**Share premium**	**Treasury Shares**	**Total**
			HKD'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Authorised							
Authorised ordinary share of HKD0.10 each at 1 January 2012, 31 December 2012 and 30 June 2013		100,000,000,000	10,000,000	9,905,008			
Issued and fully paid							
Opening balance at 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 31 December 2012 and 1 January 2013		18,229,660,154	1,822,966	1,771,631	17,977,360	(380,236)	19,368,755
Issue of shares as a result of the scrip dividend scheme	*(c)*	227,874,023	22,787	18,106	782,158	—	800,264
At 30 June 2013		**18,457,534,177**	**1,845,753**	**1,789,737**	**18,759,518**	**(380,236)**	**20,169,019**

Notes:

(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 HKD3.23 per share. On 8 March 2012, 677,191,602 new shares were issued and allotted at a price of HKD3.23 per share. These new shares were 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 a result of the above scrip dividend scheme and the placing of new shares (see note (a) above) at a price of HKD3.254 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.

(c) On 27 May 2013, a scrip dividend scheme was issued whereby shareholders may elect to receive cash dividend of RMB13.86 cents per share or an allotment of such number of new shares credited as fully paid and having an aggregate market value equal to, save for adjustment for fractions, the total amount of 2012 final dividend which such shareholder could receive in cash (the "Maximum Entitlement") or partly new shares not exceeding the Maximum Entitlement and the remainder in cash. On 18 June 2013, 227,874,023 new shares were issued as a result of the above scrip dividend scheme at a price of HKD4.42 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 16 May 2013.

12 SENIOR NOTES

The Group has issued the following senior notes:

(i) On 10 September 2009, the Company issued senior notes in an aggregate principal amount of USD300,000,000. On 23 September 2009, the Company made an additional issue of senior notes in an aggregated principal amount of USD75,000,000 (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 10 March and 10 September in arrears, and will mature on 10 September 2014, unless redeemed earlier.

(ii) On 22 April 2010, the Company issued senior notes in an aggregate principal amount of USD550,000,000 (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 22 April and 22 October in arrears, and will mature on 22 April 2017, unless redeemed earlier.

(iii) On 11 August 2010, the Company issued senior notes in an aggregate principal amount of USD400,000,000 (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 11 February and 11 August in arrears, and will mature on 11 August 2015, unless redeemed earlier.

(iv) On 23 February 2011, the Company issued senior notes in an aggregate principal amount of USD900,000,000 (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 23 February and 23 August in arrears, and will mature on 23 February 2018, unless redeemed earlier.

(v) On 10 January 2013, the Company issued senior notes in an aggregate principal amount of USD750,000,000 (the "2023 Notes"). The 2023 Notes are listed on the Singapore Exchange Securities Trading Limited. The 2023 Notes carry interest at the rate of 7.5% per annum, payable semi-annually on 10 January and 10 July in arrears, and will mature on 10 January 2023, unless redeemed earlier.

The Company has options to redeem the above senior notes in whole or in part prior to their maturity at the redemption price as defined in the indenture agreements of these senior notes.

The 2014 Notes, 2017 Notes, 2015 Notes, 2018 Notes and 2023 Notes contain a liability component and the 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%, 11.69% and 7.72% per annum to the liability component of the 2014 Notes, 2017 Notes, 2015 Notes, 2018 Notes and 2023 Notes, respectively.

(ii) Early redemption options are regarded as embedded derivatives not closely related to the host contract. The directors consider that the fair values of the above early redemption options were insignificant on initial recognition and at 30 June 2013.

The 2014 Notes, 2017 Notes, 2015 Notes, 2018 Notes and 2023 Notes recognised in the balance sheet were calculated as follows:

	RMB'000
Carrying amount as at 1 January 2012	14,204,447
Exchange gains	(31,276)
Interest expense	1,606,744
Coupon paid	(1,566,691)
Carrying amount as at 31 December 2012	14,213,224
Additions	**4,631,595**
Exchange gains	**(310,921)**
Interest expense	**957,978**
Coupon paid	**(766,569)**
Carrying amount as at 30 June 2013	**18,725,307**

13 TRADE AND OTHER PAYABLES

	As at	
	30 June 2013	31 December 2012
	RMB'000	*RMB'000*
Trade payables *(note)*	**12,373,658**	11,653,984
Other payables	**4,007,648**	4,215,960
Other taxes payable	**928,336**	1,175,651
Salaries payable	**1,149,822**	1,155,116
Accrued expenses	**697,094**	829,587
	19,156,558	19,030,298

Note:

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

	As at	
	30 June 2013	31 December 2012
	RMB'000	*RMB'000*
Within 90 days	**11,574,190**	10,965,229
Over 90 days and within 180 days	**395,984**	332,990
Over 180 days and within 365 days	**248,429**	231,832
Over 365 days	**155,055**	123,933
	12,373,658	11,653,984

14 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 USD600 million (equivalent to approximately RMB4,314 million). The Bond was listed on the Singapore Exchange Securities Trading Limited. At the option of bond holders, the aggregate amount of RMB4,314 million would be convertible into fully paid shares with a par value of HKD0.1 each of the Company.

The Bond matured in five years (February 2013) from the issue date at 121.306% of the nominal value or could be converted into ordinary shares of the Company on or after 3 April 2009 at contracted price (the initial conversion price is HKD9.05 per share) at a fixed exchange rate of RMB0.922 to HKD1.

The fair value of the liability component was calculated using a market interest rate for an equivalent non-convertible bond. The liability component was 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, was accounted for as a conversion option reserve included in other reserves.

As of 31 December 2012, the Company had redeemed and repurchased the principal of the Bond totalling approximately USD449 million.

In February 2013, the Bond matured and was redeemed in whole at an aggregate amount of USD152,405,000 (equivalent to approximately RMB957,163,000), including principle amount of USD150,850,000 and interest amount of USD1,555,000. The carrying amount of the conversion option reserve was transferred to retained earnings as a result of the redemption upon maturity.

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

	RMB'000
Liability component as at 1 January 2012	884,128
Interest expense	79,264
Coupon paid	(19,526)
Liability component as at 31 December 2012	943,866
Interest expense	**13,297**
Redemption upon maturity	**(957,163)**
Liability component at 30 June 2013	**—**

Interest expense on the liability component of the Bond was calculated using the effective interest method, applying the effective interest rate of 9.24% per annum to the liability component.

15 OTHER GAINS — NET

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Income from forfeiture of deposits	**18,143**	11,182
Gains/(loss) on disposal of property, plant and equipment	**602**	(194)
Rental income	**12,622**	8,943
Others	**10,278**	731
	41,645	20,662

16 EXPENSES BY NATURE

	Six months ended 30 June 2013 *RMB'000*	2012 *RMB'000*
Advertising costs	**752,472**	414,521
Amortisation of intangible assets	**6,553**	2,628
Business taxes and other levies *(note)*	**1,701,311**	1,062,017
Costs of completed properties sold	**15,833,811**	8,400,815
Donations	**70,285**	17,815
Depreciation	**239,305**	175,700
Employee benefit expenses	**1,157,654**	690,744
Land use rights amortisation	**27,329**	17,802
Surveillance charges	**16,059**	9,375
Rental expenses	**40,987**	18,281
Others	**375,292**	566,428
Total cost of sales, selling and marketing costs and administrative expenses	**20,221,058**	11,376,126

Note:

Business tax

The PRC subsidiaries of 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%

17 FINANCE INCOME/(COSTS) — NET

	Six months ended 30 June 2013 *RMB'000*	2012 *RMB'000*
Finance income:		
— Interest income on short-term bank deposits	**150,586**	43,376
— Net foreign exchange gain on financing activities	**248,562**	—
	399,148	43,376
Interest expenses:		
— Bank and other borrowings	**(940,793)**	(745,202)
— The Bond *(note 14)*	**(13,297)**	(39,372)
— Senior notes *(note 12)*	**(957,978)**	(805,940)
	(1,912,068)	(1,590,514)
Net foreign exchange loss on financing activities	**—**	(36,194)
Less: amounts capitalised on qualifying assets	**1,912,068**	1,289,115
Finance costs	**—**	(337,593)
Finance income/(costs) — net	**399,148**	(294,217)

18 INCOME TAX EXPENSES

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Current income tax		
— PRC enterprise income tax *(note (a))*	**1,430,300**	1,196,380
— Hong Kong profits tax *(note (b))*	**—**	—
— Land appreciation tax *(note (c))*	**1,156,534**	1,295,154
Deferred income tax	**181,999**	(356,295)
	2,768,833	2,135,239

Notes:

(a) PRC enterprise income tax is provided at the rate of 25% (2012: 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.

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after 1 January 2008 are generally subject to a 10% withholding income tax. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding income tax rate will be reduced from 10% to 5%.

Withholding income tax is provided on the dividends to be distributed by the PRC subsidiaries of the Group. In last year, the relevant group companies successfully obtained endorsement from various PRC tax bureaus to enjoy the treaty benefit of 5% corporate income tax rate on dividends received from the PRC subsidiaries of the Group. Accordingly, withholding income tax has been provided at 5% of the dividends to be distributed by the PRC subsidiaries of the Group.

(b) No Hong Kong profits tax was provided for the six months ended 30 June 2013 as the Group did not have any assessable profit (2012: 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.

19 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 11).

	Six months ended 30 June	
	2013	2012
Profit attributable to owners of the Company *(RMB'000)*	**4,316,190**	2,976,136
Weighted average number of ordinary shares in issue *(thousands)*	**18,147,198**	17,883,883
Basic *(RMB cents per share)*	**23.78**	16.64

(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 has two categories of dilutive potential ordinary shares: convertible bond and share options (granted in November 2012). The Bond is assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense charged to profit or loss. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Six months ended 30 June 2013
Profit attributable to owners of the Company/profit used to determine diluted earnings per share *(RMB'000)*	**4,316,190**
Weighted average number of ordinary shares in issue *(thousands)*	**18,147,198**
Adjustments — conversion of the Bond *(thousands)*	**27,407**
Adjustments — share options *(thousands)*	**318**
Weighted average number of ordinary shares for diluted earnings per share *(thousands)*	**18,174,923**
Diluted *(RMB cents per share)*	**23.75**

The impact of conversion of the Bond to earnings per share was anti-dilutive for the six months ended 30 June 2012, diluted earnings per share was therefore equal to basic earnings per share for the period.

20 DIVIDENDS

The Board of Directors did not recommend the payment of any interim dividend for the six months ended 30 June 2013 (2012: nil).

A final dividend in respect of 2012 of RMB13.86 cents (equivalent to HKD17.33 cents) per share was declared in the Annual General Meeting on 9 May 2013. On 27 May 2013, a scrip dividend scheme was issued whereas shareholders may elect to receive cash dividend of RMB13.86 cents per share or an allotment of such number of new shares credited as fully paid and having an aggregate market value equal to, save for adjustment for fractions, the total amount of 2012 final dividend which such shareholder could receive in cash (the "Maximum Entitlement") or partly new shares not exceeding the Maximum Entitlement and the remainder in cash (note 11 (c)).

As a result of the above scrip dividend scheme, 227,874,023 new shares were issued at a price of HKD4.42 per share in June 2013, and dividend totaling RMB1,709,847,000 was paid in cash in June 2013.

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 60.7% to approximately RMB26,944.4 million in the first half of 2013 from approximately RMB16,766.8 million for the corresponding period in 2012, 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 RMB25,738.6 million, RMB453.0 million, RMB325.2 million and RMB427.6 million, respectively.

Property development

Revenue generated from property development increased by 61.3% to approximately RMB25,738.6 million for the six months ended 30 June 2013 from approximately RMB15,959.5 million for the corresponding period in 2012, primarily attributable to a 60.4% increase in total gross floor area ("GFA") recognized to 3,856,849 sq.m. in the first half of 2013 from 2,404,849 sq.m. for the corresponding period in 2012. Meanwhile, recognized average selling price increased by 0.6% from approximately RMB6,636 per sq.m. for the six months ended 30 June 2012 to approximately RMB6,673 per sq.m. for the corresponding period in 2013.

Construction, fitting and decoration

Revenue generated from construction, fitting and decoration increased by 563.3% to approximately RMB453.0 million for the six months ended 30 June 2013 from approximately RMB68.3 million for the corresponding period in 2012, primarily due to an increase in the volume of construction, fitting and decoration services rendered to third parties of the Group.

Property management

Revenue generated from property management increased by 8.6% to approximately RMB325.2 million for the six months ended 30 June 2013 from approximately RMB299.5 million for the corresponding period in 2012, primarily due to an increase in the cumulative GFA under management resulting from construction completion and delivery of our properties in line with the expansion of our operations.

Hotel operation

Revenue generated from hotel operation decreased by 2.7% to approximately RMB427.6 million for the six months ended 30 June 2013 from approximately RMB439.5 million for the corresponding period in 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 increased by 81.6% to approximately RMB17,813.8 million for the six months ended 30 June 2013 from approximately RMB9,807.9 million for the corresponding period in 2012. The increase in cost of sales was in line with the increase in revenue.

Gross profit

Gross profit (before land appreciation tax provision) of the Group increased by 31.2% to approximately RMB9,130.6 million for the six months ended 30 June 2013 from approximately RMB6,958.9 million for the corresponding period in 2012. The gross profit margin for the six months ended 30 June 2013 decreased to 33.9% from 41.5% for the corresponding period in 2012.

Other gains — net

Other gains — net of the Group increased by 101.6% to approximately RMB41.6 million for the six months ended 30 June 2013 from approximately RMB20.7 million for the corresponding period in 2012.

Selling and marketing costs

Selling and marketing costs of the Group increased by 80.4% to approximately RMB1,529.5 million for the six months ended 30 June 2013 from approximately RMB847.8 million for the corresponding period in 2012. The increase was primarily attributable to an 81.5% increase in advertising costs from approximately RMB414.5 million in the first half of 2012 to approximately RMB752.5 million for the corresponding period in 2013, as well as an increase in commissions we offered to our sales staff during the period.

Administrative expenses

Administrative expenses of the Group increased by 21.9% to approximately RMB877.8 million for the six months ended 30 June 2013 from approximately RMB720.4 million for the corresponding period in 2012, primarily due to a 294.9% increase of donation to approximately RMB70.3 million in the first half of 2013 from approximately RMB17.8 million for the corresponding period in 2012.

Finance income/(costs) — net

The Group recorded finance income — net of approximately RMB399.1 million for the six months ended 30 June 2013, compared to finance cost – net of approximately RMB294.2 million for the corresponding period in 2012, primarily due to the increase in interest capitalised and the fluctuation of the RMB exchange rate. Total interest expenses increased to approximately RMB1,912.1 million for the six months ended 30 June 2013 from approximately RMB1,590.5 million for the corresponding period in 2012 due to the increase of bank and other borrowings; while on the other hand, total capitalised interest expenses increased to approximately RMB1,912.1 million for the six months ended 30 June 2013 from approximately RMB1,289.1 million for the corresponding period in 2012. The Group recorded the net exchange gain of approximately RMB248.6 million for the six months ended 30 June 2013, compared to the net exchange loss of approximately RMB36.2 million loss for the corresponding period in 2012.

Profit attributable to owners of the Company

Profit attributable to owners of the Company for the six months ended 30 June 2013 increased by 45.0% to approximately RMB4,316.2 million from approximately RMB2,976.1 million for the corresponding period in 2012. The net profit margin decreased to approximately 16.0% in the first half of 2013 from approximately 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 RMB21,512.4 million as at 30 June 2013 (31 December 2012: approximately RMB16,860.0 million). As at 30 June 2013, 92% and 8% 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 2013, the carrying amount of the restricted cash was approximately RMB6,296.1 million (31 December 2012: approximately RMB5,050.9 million). Pursuant to relevant regulations, certain of the project companies were required to deposit a portion of proceeds from pre-sales of properties into designated bank accounts. Before the completion certificates of the pre-sold properties have been obtained, 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 RMB36,561.5 million as at 30 June 2013 (31 December 2012: approximately RMB27,203.8 million). The current ratio being current assets over current liabilities was approximately 1.5 as at 30 June 2013, which increased from 1.4 as at 31 December 2012.

Debt and charges on group assets

The Group had an aggregated debt as at 30 June 2013 of approximately RMB45,637.1 million, including bank and other borrowings of approximately RMB26,911.8 million, and senior notes of approximately RMB18,725.3 million.

For bank and other borrowings, approximately RMB6,823.4 million will be repayable within 1 year, approximately RMB18,275.1 million will be repayable between 2 and 5 years and the remaining approximately RMB1,813.3 million to be repayable beyond 5 years. As at 30 June 2013, a substantial part of the bank and other borrowings are secured by land use rights, properties and equipment 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 which equals to the sum of cash and cash equivalents and the guarantee deposits for construction of pre-sale properties) over the equity attributable to owners of the Company. As at 30 June 2013, the gearing ratio was 60.1% (31 December 2012: 53.9%).

Interest rate risk

The weighted average interest rate of the Group's bank and other borrowings decreased to approximately 7.76% in the first half of 2013 from approximately 8.18% in 2012. 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 2013, due to the exchange rates of Renminbi to HK dollars, US dollars and Malaysian Ringgit increased, there was an exchange gain of approximately RMB248.6 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, 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 2013, the Group's LAT expenses were approximately RMB1,156.5 million.

Contingent liability

As at 30 June 2013, the Group had contingent liabilities relating to guarantees in respect of mortgage facilities for certain purchasers amounting to approximately RMB24,169.4 million (31 December 2012: approximately RMB17,776.1 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 2013, the amount of approximately RMB62.5 million (31 December 2012: approximately RMB72.2 million) was to be discharged two years from the day when the mortgaged loans become due; and approximately RMB24,106.9 million (31 December 2012: approximately RMB17,703.9 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; and (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 2013, approximately RMB1,606.7 million represented the guarantee provided to Guangzhou Li He Property Development Company Limited and Zhongshan Yahong Property Development Company Limited for their borrowings.

Capital and property development commitments

As at 30 June 2013, the commitments in connection with capital and property development expenditures amounted to approximately RMB34,036.3 million (31 December 2012: approximately RMB25,484.2 million). This amount primarily arose from contracted construction costs and land premium 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 2013, the Group had approximately 50,753 full-time employees (31 December 2012: 40,243).

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 in December 2006 with written terms of reference, which are posted on the websites of the Stock Exchange and the Company respectively, in compliance with Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The principal duties of the Audit Committee include, among other things, overseeing the relationship with the Company's auditor; reviewing the Company's financial information; and reviewing the Company's financial report system and internal control procedures. All members of the Audit Committee are the independent non-executive Directors, namely Mr. LAI Ming, Joseph, Mr. SHEK Lai Him, Abraham, Mr. TONG Wui Tung, Ronald, Mr. HUANG Hongyan and Ms. HUANG Xiao. 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 2013. In addition, the independent auditor of the Company, PricewaterhouseCoopers, has reviewed the unaudited interim results for the six months ended 30 June 2013 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 as the code for dealing in securities of the Company by the Directors. After specific enquiry, all Directors confirmed that they have complied with the required standard of dealings set out therein for six months ended 30 June 2013. No incident of non-compliance was noted by the Company to date in 2013. Relevant employees who are likely to be in possession of inside 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 CODE

During the six months ended 30 June 2013, the Company has complied with the code provisions of the Corporate Governance Code 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 9 May 2013 (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.

During the six months ended 30 June 2013, no share options have been granted, exercised, cancelled or lapsed in accordance with the terms of the Share Option Scheme.

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. During the period, the Company had not purchased any shares of the Company from the market, but acquired 3,815,811 shares by way of scrip dividend. As of 30 June 2013, the cumulative total number of the shares acquired under the Employee Incentive Scheme were 101,132,446 shares.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2013, 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 14 to the interim financial information in this announcement.

INTERIM DIVIDEND

The Board resolved not to recommend the payment of an interim dividend for the six months ended 30 June 2013 (2012: 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, 6 August 2013

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 (President), Mr. ZHU Rongbin (Associate President), Ms. YANG Ziying, Mr. YANG Erzhu, Mr. SU Rubo, Mr. ZHANG Yaoyuan, Mr. OU Xueming, Mr. YANG Zhicheng, Mr. YANG Yongchao, Mr. XIE Shutai, Mr. SONG Jun and Mr. LIANG Guokun. The independent non-executive directors of the Company are Mr. LAI Ming, Joseph, Mr. SHEK Lai Him, Abraham, Mr. TONG Wui Tung, Ronald, Mr. HUANG Hongyan, Ms. HUANG Xiao, Mr. LIU Hongyu and Mr. MEI Wenjue.