

[For immediate release]



Country Garden Announces Interim Results 2014
Total Revenue Amounted to RMB38.32 Billion
Net Profit Increased by 25.5% Year on Year to RMB5.42 Billion

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Highlights

- Total revenue for the six months ended 30 June 2014 amounted to approximately RMB38.32 billion, representing an increase of approximately 42.2% compared with the first six months of 2013; recognized GFA reached approximately 5.35 million sq. m., representing an increase of approximately 38.7% compared with the first six months of 2013.
- Profit attributable to owners of the Company amounted to approximately RMB5.42 billion, representing an increase of approximately 25.6% compared with the first six months of 2013.
- Earnings per share amounted to approximately RMB29.54 cents, increased by approximately 24.2% compared with the first six months of 2013.
- As of June 30, 2014, book value per share amounted to approximately RMB2.67, representing an increase of approximately 22.5% compared with the first six months of 2013.
- Successfully issued senior notes twice with aggregate amount of US\$800 million in the first half of 2014.

(19 August 2014 – Hong Kong) Country Garden Holdings Company Limited ("Country Garden" or the "Group" or the "Company", 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 2014.

The Group's total revenue reached approximately RMB38.32 billion, representing an increase of approximately 42.2% compared to the first six months of 2013, and gross profit reached approximately RMB 10.95 billion, gross profit margin is approximately 28.6%. Profit attributable to owners of the Company rose to approximately RMB5.42 billion, posting an increase of approximately 25.6% compared to the first six months of 2013. Of which, RMB930 million of after-tax gain was related to the fair value change of the investment property portfolio. The Group's core profit (excluding fair value changes on investment properties, exchange gains / losses, and the gains / losses of early redemption of senior notes) amounted to RMB4.71 billion, representing an increase of approximately 14.1% compared to the first six months of 2013. The Board does not recommend the payment of interim dividend, which maintains the same interim dividend policy as before.

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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. For the first half of 2014, the Group achieved contracted sales of approximately RMB58.4 billion, and contracted gross floor area ("GFA") of approximately 8.79 million sq. m., representing year-on-year growth of approximately 73.6% and 73.4% respectively. During the first half of 2014, the Company launched a total of 22 new projects, the majority of which were outside Guangdong Province .

While the Group continued to achieve healthy growth in Guangdong Province, its core market, the recognition of Country Garden's brand name has been continuously rising outside Guangdong. We have become a leading brand in many of our operations outside Guangdong, which not only diversifies the Group's geographical coverage of business, but also sets a solid foundation for the long-term development of the Group. The ratio of the contracted sales from the projects outside Guangdong Province (including overseas) to that of the Group has increased from approximately 23.6% in 2008 to approximately 67.3% in first half of 2014, which verifies that the Group's successful business model in Guangdong Province is replicable in places outside Guangdong Province. At the same time, the success of Country Garden Danga Bay, located in Johor, Malaysia, has given the Group precious experience and further enhanced its confidence in further overseas business expansion. The Group's first project outside Asia, namely Country Garden Ryde Garden, located in the suburban of Sydney, Australia, has launched in June, and achieved excellent sales performance there. The Group is confident that its overseas business can generate stable and satisfactory returns.

As of 30 June 2014, the Group had 209 projects under different stages of development (including 82 in Guangdong Province). GFA attributable to the owners of the Company with land use right certificates, development and operation rights or land title was approximately 75.68 million sq. m. (approximately 35.3% in Guangdong Province), among which attributable GFA with construction permits was around 35.65 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 2014, the Group operated 39 five-star hotels or five-star standard hotels, as well as 2 four-star hotels, with a total of 11,670 guest rooms, and during the first half of 2014, hotels income amounted to approximately RMB410 million. 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.

To further tap the value of its commercial properties, the Group set up a wholly owned subsidiary Guangzhou Country Garden Commercial Management Company Limited in late 2013, which is responsible for the strategic planning and management of the Group's large-size commercial properties as well as community commercial properties. As of 30 June, 2014, the Company's investment property GFA is approximately 757 thousand sq. m., with a fair value of approximately RMB5.36 billion, of which completed GFA is approximately 481 thousand sq. m. with a fair value of approximately RMB3.77 billion. During the first half of 2014, the rental income on investment properties amounted to approximately RMB45.7 million.

With regards to financial management, on top of its strong bank financing capabilities with major commercial banks, in order to reduce the cost of funding, the Group successfully took advantage of the good market opportunities and issued two senior notes in the first half of 2014 -- the private placement of USD\$250 million with 5 years tenor and 7.5% coupon rate, and the public offering of USD\$550 million with 5 year tenor and 7.875% coupon rate, of which the USD\$550 million senior notes recorded five times oversubscription. In addition, Fitch Ratings initiated its coverage of the Company with BB+ (stable outlook) corporate credit rating and bond credit rating. Standard & Poor's upgraded our corporate credit rating from BB to BB+ (stable outlook) and bond credit rating from BB- to BB+ (stable outlook), and Moody's maintained our issuer's credit rating and bond credit rating at Ba2 (stable outlook). The Group's operation model and financial strength have been further recognized by the investment community.

Major Business Review

Property development

Revenue generated from property development increased by 43.8% to approximately RMB 37,007.6 million for the six months ended 30 June 2014 from approximately RMB25,738.6 million for the corresponding period in 2013; primarily attributable to a 38.7% increase in total gross floor area ("GFA") recognized to 5,351,238 sq.m. in the first half of 2014 from 3,856,849 sq.m. for the corresponding period in 2013. Meanwhile, recognized average selling price increased by 3.6% from approximately RMB6,673 per sq.m. for the six months ended 30 June 2013 to approximately RMB6,916 per sq.m. for the corresponding period in 2014.

Hotel operation

Revenue generated from hotel operations lightly decreased by 3.4% to approximately RMB413.0 million for the six months ended 30 June 2014 from approximately RMB427.6 million for the corresponding period in 2013.

Property management

Revenue generated from property management increased by 49.5% to approximately RMB486.1 million for the six months ended 30 June 2014 from approximately RMB325.2 million for the corresponding period in 2013, 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.

Cash, debt position and gearing ratio

The Group's cash and bank deposits (including the restricted cash) amounted to approximately RMB24,425.2 million as at 30 June 2014 (31 December 2013: approximately RMB26,679.6 million). As at 30 June 2014, 95% and 5% of the Group's cash and bank deposits were denominated in Renminbi and other currencies (mainly US dollars, HK dollars and Malaysian Ringgit), respectively. The Group had an aggregated debt as at 30 June 2014 of approximately RMB57,510.7 million, including bank borrowings of approximately RMB32,782.1 million, and senior notes of approximately RMB24,728.6 million. For bank borrowings, approximately RMB8,202.1 million will be repayable within 1 year, approximately RMB23,774.6 million will be repayable between 2 and 5 years and the remaining approximately RMB805.4 million to be repayable beyond 5 years. 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 2014, the gearing ratio was 67.1% (31 December 2013: 67.3%).

In the aspect of internal management, the Group further consolidated and 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.

Looking forward, with the overall improvement in the global economic environment, the further loosening up of control measures and further marketization in China's real estate industry, the Group will carefully study and continuously adapt to the market, adhere with the national development strategy and macroeconomic environment, maintain the continuity of our business concept, continue to adhere with our established steady business strategy, endeavor to perform well in operation and management. At the same time, the Group will strategically select and develop property projects. Together with our fast track development, strong project execution capabilities, continuously enhanced product quality as well as gardening facilities, property management services with attention to details, we are committed to offering high value-for-money property products and living experience, achieving sales success both in China and overseas, creating value for the society and generating satisfactory returns for our shareholders.

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About Country Garden

Country Garden is one of China's leading integrated property developers. It has standardized operations with business comprising property development construction, installation, fitting, property management, property investment, 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.

For further information, please contact:

iPR Ogilvy Ltd.

Callis Lau/ Karen Tse/ Juliana Li/ Clara Liu

Tel: (852) 2136 6952/ 2136 6950/ 2169 0467/ 3920 7631

Fax: (852) 3170 6606

Email: cg@iprogilvy.com