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)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2016

FINANCIAL HIGHLIGHTS

- For the six months ended 30 June 2016, the Group together with its associates and joint ventures achieved contracted sales of approximately RMB125.07 billion with contracted sales GFA of approximately 15.64 million sq.m., representing a significant year-on-year increase of 129.6% and 85.1% respectively.

- Cash collected from sales of properties and from other businesses totaled approximately RMB105.10 billion, up by 111.9% year on year, and exceeding RMB100 billion for the first time for an interim period of six months.

- During the period, the Group's total revenue rose by about 21.2% year on year to approximately RMB57.36 billion. Revenue from the property development segment grew by 21.8% year on year to approximately RMB55.41 billion.

- The Group's gross profit before provision for land appreciation tax increased by 9.6% year on year to approximately RMB12.03 billion.

- The profit attributable to the owners of the Company rose by 9.3% year on year to approximately RMB5.39 billion.

- The Group's core net profit[1] rose by 1.6% year on year to RMB4.96 billion.

- The Group's earnings per share rose by 3.6% year on year to RMB24.18 cents for the period.

- The Board declared payment of an interim dividend of RMB6.92 cents per share (the shareholders may choose to receive dividends in cash and/or in shares), up by 6.8% year on year. The total interim dividend will equal 31% of the core net profit.

[1] It represents profit attributable to owners of the Company excluding the after-tax gains arising from changes in fair value of and transfer to investment properties, net exchange gains/losses on financing activities, the loss on early redemption of senior notes, change in fair value of derivative financial instruments and gains on bargain purchase.

The board (the "**Board**") of directors (the "**Director(s)**") 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**" or "**Country Garden**") for the six months ended 30 June 2016.

BUSINESS REVIEW AND OUTLOOK

It is our conviction that the Group's dedication to a sustainable and thriving business can generate more value for the shareholders of the Company (the "**Shareholders**").

Our conviction stems from our vision

During the period, the business environment was convoluted, not least because of China's economic slowdown and the teething problems in its economic restructuring and industrial upgrading. Nevertheless, we still witnessed China's unstoppable urbanization. The trend was marked by rising property prices in the major cities and the booming property markets in their surrounding metropolitan areas. From places dotted with skyscrapers to busy townships, the Group found opportunities while most of our peers hesitated. The Group saw the boom coming, planned ahead, and have increased our land bank since 2015. As at 30 June 2016, of the Group's 117 million square metres ("**sq.m.**") of domestic saleable area (with or without presale permits), 52% was targeting first- and second-tier cities and 48% was targeting third- and fourth-tier cities. The balanced land bank and saleable resources will contribute to the Group's steady development.

In pursuit of steady development, the Group has already found new margin drivers, and overseas development, as one of such drivers, has been our focus in recent years. For instance, the Group has formed a joint venture with the government of Johor State in Malaysia to develop Forest City, an urban development project of long-term and strategic significance, for a term of more than 20 years. The project has been well-received in the international markets. Situated in Iskandar Malaysia and linked to Singapore by a bridge, Forest City has a site area of 20 square kilometres ("**sq. km.**") under its development plan and comes with a freehold. Forest City is regarded as "a special economic zone within a special economic zone" because it is also a place where Malaysia's preferential policies apply. The project's profit margin is estimated to be much higher than those of the Group's other projects being undertaken in the same period in China. The Group will proceed with the construction of Forest City on a roll-over basis according to progress in its sales and market response. Country Garden will adopt the world's most advanced concept of a smart, green, ecological and environmental urban planning, and combine it with its more than 20 years of experience in the industry so as to make Forest City a shining example of a world-class city integrated with industries.

The Group's property management and community-related businesses would also be our profit margin drivers. During the period, the Group's property management segment managed a contracted area of 229 million sq.m., covering China's 197 cities across 27 provinces, and has initiated on-site services on an area of over 100 million sq.m. for approximately 1 million households of owners and residents in total. During the period, the property management and community-related businesses generated revenue of approximately RMB969 million, up by 7.1% year on year. The business segment also recorded an operating profit of approximately RMB187 million, up by 127.5% year on year. In the future, the Group will leverage the capital market to develop the business segment, thus enriching its income sources and enhancing its business value.

As China's largest urbanization specialist residential property developer with an integrated property development business, Country Garden has been engaged in urbanization in both China and foreign countries with its proven track record and expertise in property development across the world. By providing safe, comfortable, aesthetically pleasing and value-for-money housing and services that satisfy the wants and needs of the market, Country Garden aims to maintain consistent growth in the long term.

Our conviction stems from attention to detail

From corporate governance to product innovation, there are always reasons for their existence and ways to improve them. It is worthwhile to contemplate these issues. We have evolved by navigating the twists and turns of the Group's development and have worked hard with a great deal of concentration. We uphold craftsmanship as reflected by our scrupulous attention to detail. Through an effective incentive mechanism, the Group has been improving the operational efficiency and enhancing our brand prestige. In the first half of 2016, the Group experimented with many new ideas and put a lot of effort into the above-mentioned aspects of our work.

We have succeeded in aligning the interests of the managers closely with those of the Company, and the move will serve to sustain growth and minimize risks. The partnership scheme that the Group has adopted since October 2014 has been operating well and has yielded results that exceed our expectations. As of 30 June 2016, the partnership scheme was applied to a total of 319 property projects, which recorded aggregate contracted sales of RMB100.4 billion. The average net profit margin of the contracted sales at such projects under the partnership scheme is estimated to be about 12.5%, and their positive net cash flow is estimated to be achieved in 8.3 months on average. The sound results from the effective implementation of the partnership scheme have proven that the Group have made the right decision. This will be conducive to the enhancement of our growing operations.

The optimization of the capital structure also contributed to the Company's financial results. As at 30 June 2016, the Group's weighted average borrowing cost was 5.76%, which was down by 44 basis points from that as at 31 December 2015. The Group's available cash amounted to approximately RMB49.39 billion, and the Group's undrawn bank facilities were approximately RMB145.78 billion. The Group has been recognized by credit rating agencies for its sound financial position because of its sufficient working capital and it has also been supported by major financial institutions.

The Group have been pursuing excellence in the design of our products to consolidate our market leadership. We continued to develop the property markets in Beijing, Shanghai, Guangzhou, Shenzhen and such cities' surrounding areas as well as some other cities in China, and the Group's financial results indicated huge potential for property development elsewhere within the country. The Group aims to build the best and distinctive products through research and development and stringent cost control to satisfy the high net worth individuals' needs in the target markets. This is the right way to develop business and can turn into an avenue to success.

Seize the day, and plan for tomorrow

For its long-term development, the Group has been strategically building up a talent pool. As at 30 June 2016, 261 holders of Doctor of Philosophy degrees had joined the Group's management trainee programme. Some of them have gradually developed themselves into the mainstay of the Group. The Group will continue to recruit people of high caliber from all walks of life and groom them for key roles in advancing the Group's future.

The Group have seized the opportunity and worked diligently to make Country Garden's contracted sales double in the first half of the year. This has proved that the Group is on the right track for sustainable development. Nevertheless, we are not content with what we have achieved today and will continue to develop and adapt to the markets. The Group will provide good products that satisfy the markets' wants and needs at a relatively lower cost. We believe that the sales volume of more than one hundred billion yuan will serve as a new starting point for our development. The Group will take a prudent approach to the business and scale new heights with greater successes in the future.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**Unaudited 30 June 2016** *RMB'000*	Audited 31 December 2015 *RMB'000*
Non-current assets			
Property, plant and equipment		**20,510,502**	20,019,841
Investment properties		**9,638,845**	8,686,295
Intangible assets		**113,078**	121,539
Land use rights		**2,028,807**	2,052,170
Properties under development		**46,252,789**	52,727,068
Investments in associates		**1,952,788**	884,492
Investments in joint ventures		**5,039,678**	803,934
Financial assets at fair value through other comprehensive income		**485,835**	–
Available-for-sale financial assets	*2(a)*	**–**	214,998
Derivative financial instruments		**78,212**	–
Trade and other receivables	*4*	**15,500**	642,950
Deferred income tax assets		**4,353,039**	3,786,942
		90,469,073	89,940,229
Current assets			
Properties under development		**167,077,323**	135,107,046
Completed properties held for sale		**34,353,415**	34,114,127
Inventories		**2,399,120**	1,978,437
Trade and other receivables	*4*	**64,728,938**	42,242,116
Prepaid taxes		**14,534,221**	9,490,355
Restricted cash		**18,592,301**	11,637,126
Cash and cash equivalents		**30,800,244**	36,240,752
Derivative financial instruments		**43,893**	18,043
Financial assets at fair value through profit or loss		**1,210,110**	1,188,096
		333,739,565	272,016,098
Current liabilities			
Advanced proceeds received from customers		**126,168,963**	96,516,079
Trade and other payables	*5*	**86,510,203**	73,385,200
Receipts under securitisation arrangements	*6*	**6,211,000**	–
Dividend payable	*7*	**1,454,491**	–
Income taxes payable		**8,663,642**	8,905,412
Bank and other borrowings		**17,757,524**	22,778,038
Derivative financial instruments		**72,122**	10,198
		246,837,945	201,594,927
Net current assets		**86,901,620**	70,421,171
Total assets less current liabilities		**177,370,693**	160,361,400

	Note	Unaudited 30 June 2016 *RMB'000*	Audited 31 December 2015 *RMB'000*
Non-current liabilities			
Senior notes		**21,348,412**	20,878,179
Corporate bonds		**23,717,518**	15,258,499
Bank and other borrowings		**34,077,538**	30,829,079
Deferred government grants		**238,299**	239,520
Deferred income tax liabilities		**5,481,995**	3,815,717
Derivative financial instruments		**31,898**	–
		84,895,660	71,020,994
Equity attributable to owners of the Company			
Share capital and premium	*8*	**28,403,091**	29,212,611
Other reserves		**4,453,900**	3,942,139
Retained earnings		**35,743,120**	32,135,960
		68,600,111	65,290,710
Non-controlling interests			
Perpetual capital securities		**16,600,000**	19,528,000
Other non-controlling interests		**7,274,922**	4,521,696
		23,874,922	24,049,696
Total equity		**92,475,033**	89,340,406
Total equity and non-current liabilities		**177,370,693**	160,361,400

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Unaudited Six months ended 30 June	
	Note	**2016**	2015
		RMB'000	*RMB'000*
Revenue	*3*	**57,362,492**	47,327,574
Cost of sales		**(45,336,521)**	(36,352,962)
Gross profit		**12,025,971**	10,974,612
Other income and gains – net	*9*	**263,939**	103,144
Gains arising from changes in fair value of and transfer to investment properties		**360,582**	467,008
Selling and marketing costs		**(1,981,774)**	(1,641,160)
Administrative expenses		**(1,844,799)**	(1,307,346)
Operating profit		**8,823,919**	8,596,258
Finance income	*10*	**269,903**	74,491
Finance costs	*10*	**(263,497)**	(386,808)
Finance income/(costs) – net		**6,406**	(312,317)
Share of results of associates and joint ventures		**378,899**	(16,678)
Profit before income tax		**9,209,224**	8,267,263
Income tax expenses	*11*	**(3,004,349)**	(2,894,721)
Profit for the period		**6,204,875**	5,372,542
Profit attributable to:			
– Owners of the Company		**5,389,583**	4,929,843
– Non-controlling interests			
Perpetual capital securities		**871,467**	167,198
Other non-controlling interests		**(56,175)**	275,501
		815,292	442,699
		6,204,875	5,372,542

	Note	Unaudited Six months ended 30 June 2016 RMB'000	2015 RMB'000
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
– Change in fair value of financial assets at fair value through other comprehensive income, net of tax		**3,975**	–
Items that may be reclassified to profit or loss:			
– Change in fair value of available-for-sale financial assets, net of tax		**–**	(3,307)
– Deferred gains on cash flow hedges, net of tax		**25,515**	–
– Deferred costs of hedging, net of tax		**(300,333)**	–
– Currency translation differences		**588,987**	(5,740)
Other comprehensive income/(loss) for the period, net of tax		**318,144**	(9,047)
Total comprehensive income for the period, net of tax		**6,523,019**	5,363,495
Total comprehensive income attributable to:			
– Owners of the Company		**5,755,778**	4,923,115
– Non-controlling interests			
Perpetual capital securities		**871,467**	167,198
Other non-controlling interests		**(104,226)**	273,182
		767,241	440,380
		6,523,019	5,363,495
Earnings per share attributable to owners of the Company (expressed in RMB cents per share)			
Basic	*12*	**24.18**	23.34
Diluted	*12*	**24.17**	23.34

	Note	2016 RMB'000	2015 RMB'000
Dividends			
Interim dividend	*7*	**1,538,000**	1,463,704

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the 2015 Financial Statements, as described therein.

(a) Amendments and interpretations to existing standards that are effective for the financial year beginning on 1 January 2016 do not have a material impact on or are not relevant to the Group.

(b) 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 on 1 January 2016 and have not been early adopted:

		Effective for the financial year beginning on or after
HKAS 12 (Amendments)	Income taxes	1 January 2017
HKAS 7 (Amendments)	Statement of cash flows	1 January 2017
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 16	Leases	1 January 2019
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associates or joint venture	To be determined

The Group is yet to assess the impact of the above new and revised standards and amendments to existing standards on the Group's consolidated financial statements.

(c) New and amended standards early adopted by the Group:

HKFRS 9 Financial Instruments ("HKFRS 9") addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The standard does not need to be applied until 1 January 2018 but is available for early adoption. The Group has elected to apply HKFRS 9 as issued in July 2014 from 1 January 2016, because the new accounting policies provide more reliable and relevant information for users to assess the amounts, timing and uncertainty of future cash flows. See note 2 for further details on the impact of the change in accounting policy.

Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

The Group designates some of their derivatives as hedges of foreign exchange and interest rate risks associated with the cash flows of their foreign currency borrowings (cash flow hedges). The Group documents at the inception of the hedging transaction the economic relationship between hedging instruments and hedged items including whether the hedging instrument is expected to offset changes in cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking various hedge transactions at the inception of each hedge relationship.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within 'finance income/(cost) – net'.

When option contracts are used to hedge forecast transactions, the Group designates only the intrinsic value of the option contract as the hedging instrument. Gains or losses relating to the effective portion of the change in intrinsic value of the option contracts are recognised in the cash flow hedge reserve within equity. The changes in the time value of the option contracts that relate to the hedged item ("aligned time value") are recognised within other comprehensive income in the deferred costs of hedging reserve within equity. The aligned time value at the date of designation of the option as a hedging instrument is amortised on a systematic and rational basis to profit or loss over the period.

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item ("aligned forward element") is recognised within other comprehensive income in the costs of hedging reserve within equity. The aligned forward element at the date of designation of the forward contract as a hedging instrument is amortised on a systematic and rational basis to profit or loss over the period.

When a financial instrument that involves exchanges of cash flows that are denominated in different currencies is used in a hedge transaction, the foreign currency basis spread of the instrument is separated and excluded from the designated hedging instrument. The change in fair value of this excluded portion (to the extent it relates to the hedged item) is recognised in other comprehensive income and is accumulated in a separate component of equity. For time-period related hedged items, the currency basis spread at the date of designation (to the extent that it relates to the hedged item) is amortised on a systematic and rational basis to profit or loss over the period.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of the hedge relationship rebalancing.

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

2 CHANGE IN ACCOUNTING POLICY

As explained in note 1(c) above, the Group has early adopted HKFRS 9 as issued in July 2014 from 1 January 2016, which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transitional provisions in HKFRS 9, comparative figures have not been restated. As a consequence, any adjustments to carrying amounts of financial assets or liabilities are recognised at the beginning of the current reporting period, with the difference recognised in opening retained earnings. Provisions for impairment have not been restated in the comparative period, as well.

The accounting policies were changed to comply with HKFRS 9. HKFRS 9 replaces the provisions of HKAS 39 Financial Instruments ("HKAS 39") that relate to the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. HKFRS 9 also significantly amends other standards dealing with financial instruments such as HKFRS 7 Financial Instruments: Disclosures.

(a) Classification and measurement of financial instruments

The total impact on the Group's retained earnings due to classification and measurement of financial instruments as at 1 January 2016 is as follows:

	RMB'000
Opening retained earnings – HKAS 39	32,135,960
Increase in provision for loans to related and third parties, net of tax	(69,838)
Increase in provision for trade and other receivables, net of tax (excluding prepayments and loans to related and third parties)	(258,094)
Adjustment to retained earnings from adoption of HKFRS 9	(327,932)
Opening retained earnings – HKFRS 9	31,808,028

Management has assessed the business models and the contractual terms of the cash flows apply to the financial assets held by the Group at the date of initial application of HKFRS 9 (1 January 2016) and has classified its financial instruments into the appropriate HKFRS 9 categories, which are those to be measured subsequently at fair value (either through other comprehensive income ("FVOCI"), or through profit or loss ("FVPL")), and those to be measured at amortised cost. The main effects resulting from this reclassification are as follows:

At 1 January 2016	**AFS** *RMB'000*	**FVOCI** *RMB'000*
Openning balance – HKAS 39	214,998	–
Reclassify non-trading unlisted equity securities from AFS to FVOCI	(214,998)	214,998
Openning balance – HKFRS 9	–	214,998

The main effects resulting from this reclassification on the Group's equity is as follows:

At 1 January 2016	Effect on AFS reserves *RMB'000*	Effect on FVOCI reserves *RMB'000*
Opening balance – HKAS 39	13,415	–
Reclassify non-trading unlisted equity securities from AFS to FVOCI	(13,415)	13,415
Opening balance – HKFRS 9	–	13,415

Equity interest in an unlisted investment fund company with a fair value of RMB214,998,000 was reclassified from available-for-sale financial assets ("AFS") to FVOCI, and accumulated fair value gains of RMB13,415,000 were reclassified from the AFS reserve to the FVOCI reserve on 1 January 2016.

There is no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities except for derivative financial instruments. The derecognition rules have been transferred from HKAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

(b) Derivatives and hedging activities

In prior years and periods, the change in fair value related to the entire forward contracts was recognised in profit or loss.

Upon adoption of HKFRS 9, the Group now recognises changes in the fair value of foreign exchange forward contracts attributable to forward points in the costs of hedging reserve within equity. The deferred costs of hedging is amortised on a systematic and rational basis to profit or loss over the period.

(c) Impairment of financial assets

The Group has two types of financial assets at amortised cost subject to HKFRS 9's new expected credit loss model:

- loans to related and third parties

- trade and other receivables (excluding prepayments and loans to related and third parties)

The Group revised its impairment methodology under HKFRS 9 for each of these classes of assets.

(i) Loans to related and third parties

For loans to related and third parties already in place at 1 January 2016, the Group has determined that reliably assessing the probability of default at the initial recognition of each loan to related and third parties would result in undue cost and effort. As permitted by HKFRS 9, the credit provision will be determined based on whether credit risk is low only at each reporting date, until the loan is derecognised. RMB69,838,000 was recognised in retained earnings as at 1 January 2016 for those loans whose credit risk has been assessed as other than low and the impairment methodology has been applied.

(ii) Trade and other receivables (excluding prepayments and loans to related and third parties)

For trade and other receivables (excluding prepayments and loans to related and third parties), the Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which requires the use of the lifetime expected loss provision for all trade and other receivables (excluding prepayments and loans to related and third parties). RMB258,094,000 was recognised in retained earnings as at 1 January 2016 for those trade and other receivables (excluding prepayments and loans to related and third parties) whose credit risk has been assessed as other than low and the impairment methodology has been applied.

3 SEGMENT INFORMATION

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

The executive directors consider the business from product/services perspective. From a product/services perspective, executive directors assesse the performance of:

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

The executive directors assesse 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 properties, properties under development, completed properties held for sale, inventories, receivables and operating cash. They exclude deferred income tax assets, financial assets at fair value through other comprehensive income, financial assets at fair value through profit and loss, available-for-sale financial assets and derivative financial instruments. Segment liabilities consist primarily of operating liabilities. They exclude bank and other borrowings, senior notes, corporate bonds, deferred income tax liabilities, income taxes payable, dividend payable, and derivative financial instruments.

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

Revenue consists of the following:

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
Sales of properties	**55,406,431**	45,502,636
Rendering of construction, fitting and decoration services	**192,326**	261,870
Rental income	**52,771**	47,339
Rendering of property management services	**969,036**	904,824
Rendering of hotel services	**741,928**	610,905
	57,362,492	47,327,574

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

The Group's revenue is mainly 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 large number of customers; none of whom contributed 10% or more of the Group's revenue.

The segment information provided to the executive directors for the reportable segments is as follows:

	Property development *RMB'000*	Construction, fitting and decoration *RMB'000*	Property investment *RMB'000*	Property management *RMB'000*	Hotel operation *RMB'000*	Total Group *RMB'000*
Six months ended 30 June 2016						
Total revenue	**55,406,431**	**8,660,987**	**52,771**	**1,130,004**	**770,544**	**66,020,737**
Inter-segment revenue	**–**	**(8,468,661)**	**–**	**(160,968)**	**(28,616)**	**(8,658,245)**
Revenue (from external customers)	**55,406,431**	**192,326**	**52,771**	**969,036**	**741,928**	**57,362,492**
Depreciation and amortisation	**211,926**	**13,031**	**–**	**12,688**	**184,195**	**421,840**
Operating profit/(loss)	**8,295,915**	**46,770**	**417,005**	**187,498**	**(123,269)**	**8,823,919**
At 30 June 2016						
Total segment assets after elimination of inter-segment balances	**385,233,941**	**8,682,115**	**9,638,845**	**1,771,011**	**12,711,637**	**418,037,549**
Capital expenditure	**768,340**	**6,746**	**14,421**	**14,300**	**266,352**	**1,070,159**
Total segment liabilities after elimination of inter-segment balances	**210,130,186**	**7,326,128**	**9,996**	**832,295**	**829,860**	**219,128,465**

	Property development *RMB'000*	Construction, fitting and decoration *RMB'000*	Property investment *RMB'000*	Property management *RMB'000*	Hotel operation *RMB'000*	Total Group *RMB'000*
Six months ended 30 June 2015						
Total revenue	45,502,636	6,940,125	47,339	1,149,379	636,971	54,276,450
Inter-segment revenue	–	(6,678,255)	–	(244,555)	(26,066)	(6,948,876)
Revenue (from external customers)	45,502,636	261,870	47,339	904,824	610,905	47,327,574
Depreciation and amortisation	214,599	15,235	–	8,881	179,838	418,553
Operating profit/(loss)	8,005,664	99,791	536,101	82,431	(127,729)	8,596,258
At 31 December 2015						
Total segment assets after elimination of inter-segment balances	326,818,471	7,268,206	8,686,295	975,304	12,999,972	356,748,248
Capital expenditure	1,507,855	15,746	344,564	4,287	917,683	2,790,135
Total segment liabilities after elimination of inter-segment balances	160,280,150	8,180,750	8,011	737,945	933,943	170,140,799

As at 30 June 2016, segment assets of the property development segment included the amounts of investments in associates and joint ventures accounted for using the equity method totalling RMB6,992,466,000 (31 December 2015: RMB1,688,426,000).

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

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
Total operating profit	**8,823,919**	8,596,258
Financial income/(costs) – net	**6,406**	(312,317)
Share of results of associates and joint ventures	**378,899**	(16,678)
Profit before income tax	**9,209,224**	8,267,263
Income tax expenses	**(3,004,349)**	(2,894,721)
Profit for the period	**6,204,875**	5,372,542

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

	30 June 2016 *RMB'000*	31 December 2015 *RMB'000*
Total segment assets after elimination of inter-segment balances	**418,037,549**	356,748,248
Deferred income tax assets	**4,353,039**	3,786,942
Financial assets at fair value through other comprehensive income	**485,835**	–
Available-for-sale financial assets	**–**	214,998
Derivative financial instruments	**122,105**	18,043
Financial assets at fair value through profit or loss	**1,210,110**	1,188,096
Total assets	**424,208,638**	361,956,327
Total segment liabilities after elimination of inter-segment balances	**219,128,465**	170,140,799
Dividend payable	**1,454,491**	–
Deferred income tax liabilities	**5,481,995**	3,815,717
Income taxes payable	**8,663,642**	8,905,412
Bank and other borrowings	**51,835,062**	53,607,117
Senior notes	**21,348,412**	20,878,179
Corporate bonds	**23,717,518**	15,258,499
Derivative financial instruments	**104,020**	10,198
Total liabilities	**331,733,605**	272,615,921

4 TRADE AND OTHER RECEIVABLES

	30 June 2016 *RMB'000*	31 December 2015 *RMB'000*
Trade receivables	**17,533,957**	14,764,833
Less: allowance for impairment of trade receivables	**(45,190)**	–
Trade receivables, net	**17,488,767**	14,764,833
Land auction and other deposits	**10,139,826**	6,999,069
Other receivables	**12,671,268**	6,175,220
Amounts due from customers for contract work	**756,184**	563,378
Amounts due from related parties except for contract work	**14,851,511**	4,597,657
Other receivables	**38,418,789**	18,335,324
Less: allowance for impairment	**(386,806)**	–
Other receivables, net	**38,031,983**	18,335,324
Loans to related parties	**–**	775,971
Loans to third parties	**30,500**	–
Less: allowance for impairment of loans	**(3,660)**	–
Loans to related and third parties, net	**26,840**	775,971
Prepayments for land use rights	**3,916,667**	4,275,331
Other prepayments	**5,280,181**	4,733,607
	64,744,438	42,885,066
Less: non-current portion of loans to related and third parties	**(15,500)**	(642,950)
Current portion of trade and other receivables	**64,728,938**	42,242,116

As at 30 June 2016 and 31 December 2015, the fair value of trade and other receivables approximated their carrying amounts.

Trade receivables mainly arise from sales of properties. Property buyers are generally granted credit terms of one to six months. The ageing analysis of trade receivables based on revenue recognition date is as follows:

	30 June 2016 *RMB'000*	31 December 2015 *RMB'000*
Within 90 days	**15,950,752**	12,706,910
Over 90 days and within 180 days	**665,567**	853,260
Over 180 days and within 365 days	**475,970**	821,220
Over 365 days	**441,668**	383,443
	17,533,957	14,764,833

At 30 June 2016 and 31 December 2015, trade receivables were denominated in RMB.

5 TRADE AND OTHER PAYABLES

	30 June 2016 *RMB'000*	31 December 2015 *RMB'000*
Trade payables	**46,955,450**	53,478,430
Other payables	**29,113,192**	13,722,445
Other taxes payable	**6,884,805**	2,443,970
Salaries payable	**3,296,552**	3,369,731
Accrued expenses	**260,204**	370,624
	86,510,203	73,385,200

The ageing analysis of trade payables mainly based on the date of invoices was as follows:

	30 June 2016 *RMB'000*	31 December 2015 *RMB'000*
Within 90 days	**40,504,181**	47,826,776
Over 90 days and within 180 days	**3,232,503**	3,098,282
Over 180 days and within 365 days	**1,699,640**	1,564,830
Over 365 days	**1,519,126**	988,542
	46,955,450	53,478,430

6 RECEIPTS UNDER SECURITISATION ARRANGEMENTS

It represents proceeds received as a result of securitisation arrangements collaterised by certain future trade receivables for the remaining payments of sales of properties amounting to RMB8,302,755,000. These properties have not yet been delivered to the property buyers as at 30 June 2016. These receipts bear an effective interest rate of 4.5% to 6.0% per annum.

7 DIVIDENDS

On 18 August 2016, the Board of Directors declared the payment of a 2016 interim dividend of RMB6.92 cents per share, totalling RMB1,538,000,000 (2015 interim dividend: RMB1,463,704,000). This interim dividend has not been recognised as a liability in this interim condensed consolidated financial information.

The final dividend in respect of 2015 of RMB6.47 cents (equivalent to HKD7.68 cents) per share, totalling RMB1,454,491,000, has been approved in the Annual General Meeting on 24 May 2016 and paid in cash in July 2016.

8 SHARE CAPITAL AND PREMIUM

	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						
At 1 January 2015, 31 December 2015 and 30 June 2016, HKD0.10 per share	100,000,000,000	10,000,000				
Issued and fully paid:						
At 1 January 2015	20,351,819,782	2,035,182	1,940,004	22,702,279	(380,236)	24,262,047
Issue of shares	2,236,200,000	223,620	176,861	4,773,703	–	4,950,564
At 31 December 2015 and 1 January 2016	22,588,019,782	2,258,802	2,116,865	27,475,982	(380,236)	29,212,611
Buy-back of shares *(note (a))*	–	–	–	–	(809,520)	(809,520)
Cancellation of shares *(note (a))*	(262,628,000)	(26,263)	(22,089)	(636,657)	658,746	–
At 30 June 2016	22,325,391,782	2,232,539	2,094,776	26,839,325	(531,010)	28,403,091

(a) Buy-back and cancellation of shares

The Group bought back a total of 320,580,000 the Company's shares during the six months ended 30 June 2016, of which 262,628,000 shares have been cancelled as of 30 June 2016. The total consideration paid to buy back the shares was RMB809,520,000, which has been deducted from shareholders' equity.

9 OTHER INCOME AND GAINS – NET

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
Gains on bargain purchase	**22,430**	65,361
Income from forfeiture of deposits	**47,520**	14,223
Fair value gains on financial assets at fair value through profit and loss	**22,014**	–
(Losses)/gains on disposal of investment properties	**(18,361)**	22,092
(Losses)/gains on disposal of property, plant and equipment	**(7,643)**	2,990
Dividend income from available-for-sale financial assets	**–**	9,560
Governments grants	**86,702**	16,083
Others	**111,277**	(27,165)
	263,939	103,144

10 FINANCE INCOME/(COSTS) – NET

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
Finance income:		
– Interest income on short-term bank deposits	**269,903**	74,491
Finance costs:		
– Interest expenses:		
– Bank and other borrowings	**(1,850,511)**	(1,393,760)
– Senior notes	**(813,081)**	(1,018,521)
– Corporate bonds	**(483,159)**	–
	(3,146,751)	(2,412,281)
– Less: amounts capitalised on qualifying assets	**3,146,751**	2,412,281
	–	–
– Net foreign exchange losses on financing activities	**(380,771)**	(79,439)
– Less: amounts capitalised on qualifying assets	**117,274**	–
	(263,497)	(79,439)
– Loss on early redemption of senior notes	**–**	(307,369)
	(263,497)	(386,808)
Finance income/(costs) – net	**6,406**	(312,317)

11 INCOME TAX EXPENSES

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
Current income tax		
– PRC corporate income tax	**2,131,312**	2,089,765
– Land appreciation tax *(note (c))*	**827,405**	824,840
	2,958,717	2,914,605
Deferred income tax		
– PRC corporate income tax	**(27,868)**	(91,884)
– Withholding income tax *(note (d))*	**73,500**	72,000
	45,632	(19,884)
	3,004,349	2,894,721

Notes:

(a) Hong Kong profits tax has been provided at the rate of 16.5% (2015:16.5%) on the estimated assessable profits of the Group's subsidiaries in Hong Kong.

(b) PRC corporate income tax has been provided at corporate income tax rate of 25%.

(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.

(d) Withholding income tax is provided on the dividends to be distributed by the PRC subsidiaries of the Group. The relevant overseas holding companies have obtained endorsement from various PRC tax bureaus to enjoy the treaty benefit of 5% withholding income tax rate on dividends received from the PRC subsidiaries of the Group. Accordingly, withholding income tax has been provided at 5% of the profit expected to be distributed by the PRC subsidiaries of the Group.

12 EARNINGS PER SHARE

(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.

	Six months ended 30 June	
	2016	2015
Profit attributable to owners of the Company (RMB'000)	**5,389,583**	4,929,843
Weighted average number of ordinary shares in issue (thousands)	**22,289,163**	21,121,232
Earnings per share – Basic (RMB cents per share)	**24.18**	23.34

(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 had two categories of dilutive potential ordinary shares: share options and awarded shares. For the share options and awarded shares, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options and awarded shares. 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 and awarded shares.

	Six months ended 30 June	
	2016	2015
Profit attributable to owners of the Company/profit used to determine diluted earnings per share (RMB'000)	**5,389,583**	4,929,843
Weighted average number of ordinary shares in issue (thousands)	**22,289,163**	21,121,232
Adjustments – share options and awarded shares (thousands)	**12,154**	1,671
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**22,301,317**	21,122,903
Earnings per share – Diluted (RMB cents per share)	**24.17**	23.34

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group's revenue was primarily derived from five business segments: (i) property development, (ii) construction, fitting and decoration, (iii) property investment, (iv) property management, and (v) hotel operation. Revenue increased by 21.2% to approximately RMB57,362.5 million in the first half of 2016 from approximately RMB47,327.6 million for the corresponding period in 2015. 96.6% of the Group's revenue was generated from the sales of properties (corresponding period in 2015: 96.1%) and 3.4% from other segments (corresponding period in 2015: 3.9%).

Property Development

Revenue generated from property development maintained a continuous steady growth as a result of the steady growth of property contracted sales, strict construction management control and timely delivery of units in 2016. Revenue generated from property development increased by 21.8% to approximately RMB55,406.4 million for the six months ended 30 June 2016 from 45,502.6 million for the corresponding period in 2015. The total GFA delivered increased by 22.8% to 8.90 million sq.m. in the first half of 2016 from 7.25 million sq.m. for the corresponding period in 2015. The recognized average selling price of property was RMB6,228 per sq.m. for the six months ended 30 June 2016, almost equals to RMB6,272 per sq.m. for the corresponding period in 2015.

Construction, Fitting and Decoration

Construction, fitting and decoration revenue from external parties decreased by 26.6% to approximately RMB192.3 million for the six months ended 30 June 2016 from RMB261.9 million for the corresponding period in 2015, primarily due to a decrease in the volume of services rendered to related parties and third parties of the Group.

Property Management

The Group's property management and community-related businesses would also be our profit margin drivers. During the period, the Group's property management segment managed a contracted area of 229 million sq.m., covering China's 197 cities across 27 provinces, and has initiated on-site services on an area of over 100 million sq.m. for approximately 1 million households of owners and residents in total.

During the period, the property management and community-related businesses generated revenue of RMB969.0 million, up by 7.1% year on year. The business segment also recorded an operating profit of RMB187.5 million, up by 127.5% year on year. In the future, the Group will leverage the capital market to develop the business segment, thus enriching its income sources and enhancing its business value.

Hotel Operation

Hotel operation revenue from external parties increased by 21.4% to approximately RMB741.9 million for the six months ended 30 June 2016 from RMB610.9 million for the corresponding period in 2015, primarily due to increased revenue from existing hotels.

Property Investment

Revenue generated from property investment increased by 11.6% to approximately RMB52.8 million for the six months ended 30 June 2016 from RMB47.3 million for the corresponding period in 2015 primarily due to an increase in rental area. Gains arising from changes in fair value of and transfer to investment properties was approximately RMB360.6 million for the six months ended 30 June 2016, decreased by 22.8% compared with approximately RMB467.0 million for the corresponding period in 2015. As at 30 June 2016, the total GFA of the investment properties held amounted to approximately 1.15 million sq.m.. The fair value of these investment properties amounted to approximately RMB9,638.8 million, including approximately RMB8,959.6 million of completed properties and approximately RMB679.2 million of properties under development.

Finance Income/(Costs) – Net

The Group recorded net finance income of approximately RMB6.4 million for the six months ended 30 June 2016, compared with net finance costs of approximately RMB312.3 million for the corresponding period in 2015. The Group recorded interest expenses of approximately RMB3,146.8 million for the six months ended 30 June 2016, compared with interest expenses of approximately RMB2,412.3 million for the corresponding period in 2015. The above interest expenses were fully capitalized in qualifying assets and had no impact on finance costs. The increase of net finance income was mainly due to the finance costs of approximately RMB307.4 million resulted from early redemption of senior notes in the first half of 2015, while there was no such costs incurred in the first half of 2016.

Profit attributable to owners of the Company and core net profit

The profit attributable to owners of the Company increased by approximately 9.3% to approximately RMB5,389.6 million for the six months ended 30 June 2016, when compared with approximately RMB4,929.8 million for the corresponding period in 2015.

After deduction of the after-tax gains arising from changes in fair value of and transfer to investment properties, net exchange losses, loss on early redemption of senior notes, change in fair value of derivative financial instruments and gains on bargain purchases arising from acquisition of certain subsidiaries and joint ventures, the core net profit attributable to owners of the Company for the first half of 2016 was approximately RMB4,961.3 million, increased by approximately 1.6% when compared with approximately RMB4,882.5 million for the corresponding period in 2015.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

As at 30 June 2016, the Group's cash and bank deposits (including restricted cash) amounted to approximately RMB49,392.5 million (31 December 2015: approximately RMB47,877.9 million). As at 30 June 2016, 93.2% (31 December 2015: 97.7%) of the Group's cash and bank deposits were denominated in Renminbi and 6.8% (31 December 2015: 2.3%) were denominated in other currencies (mainly US dollars, HK dollars, Malaysian Ringgit and Australia dollars).

As at 30 June 2016, the carrying amount of the restricted cash was approximately RMB18,592.3 million (31 December 2015: approximately RMB11,637.1 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 of the pre-sold properties, the proceeds deposited in the escrow accounts could only be used for the restricted purposes of purchasing construction materials and equipments, making interim construction payments and paying tax, with the prior approval of the relevant local authorities.

On 13 October 2014, the Group issued 1,271,988,736 rights shares and raised approximately RMB2.50 billion. The proceeds was expected to be applied to refinance the existing indebtedness of the Group and as general working capital. On 20 April 2015, the Group issued 2,236,200,000 new shares of the Company to Ping An Life Insurance Company of China, Ltd. and raised net proceeds of approximately RMB4.95 billion. The proceeds were expected to be applied by the Group for its development and as general working capital. Up to now, the use of equity fund raising remained unchanged.

As at 30 June 2016, net current assets of the Group were approximately RMB86,901.6 million (31 December 2015: approximately RMB70,421.2 million). The current ratio being current assets over current liabilities was approximately 1.4 as at 30 June 2016, which increased from 1.3 as at 31 December 2015.

As at 30 June 2016, the Group's bank and other borrowings, senior notes and corporate bonds amounted to approximately RMB51,835.1 million, RMB21,348.4 million and RMB23,717.5 million respectively (31 December 2015: approximately RMB53,607.1 million, RMB20,878.2 million and 15,258.5 million respectively).

For bank and other borrowings, approximately RMB17,757.5 million, RMB33,729.1 million and RMB348.5 million will be repayable within 1 year, between 1 and 5 years and beyond 5 years respectively (31 December 2015: approximately RMB22,778.0 million, RMB30,336.9 million and RMB492.2 million respectively). As at 30 June 2016 and 31 December 2015, the majority of the bank and other borrowings were secured by certain land use rights and properties of the Group or guaranteed by the Group.

As at 30 June 2016, the Group's receipts under securitisation arrangement amounted to RMB6,211.0 million. It represented proceeds received as a result of securitisation arrangements collaterised by certain future trade receivables for the remaining payments of sales of properties.

Net gearing ratio is measured by the net debt (bank and other borrowings, senior notes and corporate bonds, net of available cash, which equals to the sum of cash and cash equivalents and the guarantee deposits for construction of pre-sold properties) over total equity excluding perpetual capital securities. Net gearing ratio increased from 60.0% as at 31 December 2015 to 62.6% as at 30 June 2016.

Key Risk Factors and Uncertainties

The following content lists out the key risks and uncertainties facing the Group. It is a non-exhaustive list and there may be other risks and uncertainties further to the key risk areas outlined below.

Risks Pertaining to the Property Market and Operation

The Group's businesses and prospects are largely dependent on the performance of property market in mainland China. The property market in the mainland China is affected by a number of factors, including changes in social, political, economic and legal environment, as well as changes in the government's financial, economic, monetary, industrial and conservation policies. The Group is also susceptible to changes in economic conditions, consumer confidence, consumption spending, and changes in consumption preferences. The Group continues to implement its strategies to develop and strengthen penetration of different regional markets thereby reducing its dependence on specific markets. The Group's operation is subject to a number of risk factors distinctive to property development, property investment, and property related businesses. Default on the part of our buyers, tenants and strategic business partners, and inadequacies or failures of internal processes, people and systems or other external factors may have various levels of negative impact on the results of operations. Additionally, accidents may happen despite the Group has set up systems and policies for accident prevention, which may lead to financial loss, litigation, or damage in reputation.

Interest Rate Risk

The Group's bank and other borrowings bear floating rates. The weighted average interest rate of the Group's bank and other borrowings decreased to 4.92% in the first half of 2016 from 6.98% in the first half of 2015. During the period, the weighted average borrowing cost of the Group's total debts was 6.33%, which was down by 120 basis points compared with the corresponding period in 2015. As at 30 June 2016, the weighted average borrowing cost of the Group's total debts was 5.76%, which was down by 44 basis points from that as at 31 December 2015. The Group has implemented certain interest rate management which includes, among the others, close monitoring of interest rate movements and refinancing on existing banking facilities or entering into new banking facilities when good pricing opportunities arise.

Foreign Exchange Risk

The Group's main business is denominated in Renminbi. Foreign exchange risk mainly arises from the outstanding foreign currency borrowings (mainly denominated in US dollars, HK dollars, Malaysian Ringgit and Australia dollars). Since 2015, the Group has adopted foreign currency hedging instruments to achieve better management over foreign exchange risk. The objective of the hedges is to minimise the volatility of the RMB cost of highly probable forecast repayments of debts. The Group's risk management policy is to hedge approximately up to 80% of forecasted foreign currency cash flows, subject to availability of appropriate hedging instruments and cost of hedging. The Group uses a combination of foreign exchange forward contracts, foreign currency option contracts and foreign currency swap contracts to hedge its exposure to foreign currency risk.

Contingent Liabilities

As at 30 June 2016, the Group had contingent liabilities relating to guarantees in respect of mortgage facilities for certain purchasers amounting to approximately RMB83,485.2 million (31 December 2015: approximately RMB60,636.2 million).

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying 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 2016, the amount of approximately RMB24.3 million (31 December 2015: approximately RMB50.9 million) was to be discharged two years from the day when the mortgaged loans become due; and approximately RMB83,460.9 million (31 December 2015: approximately RMB60,585.3 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 Board considers 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, as at 30 June 2016, the Group had provided guarantees for approximately RMB7,165.3 million (31 December 2015: approximately RMB1,781.9 million) for the borrowings of certain associates and joint ventures of the Group.

Capital and Property Development Commitments

As at 30 June 2016, the commitments of the Group in connection with capital and property development expenditures amounted to approximately RMB82,755.9 million (31 December 2015: approximately RMB84,825.3 million). This amount primarily arose from contracted construction fees or other capital commitments for future property developments. The Group expects to fund these commitments principally from pre-sold proceeds of the properties and partly from bank borrowings and corporate bonds.

Employees and Remuneration Policy

Human resource has always been the most valuable resource of the Group. As at 30 June 2016, the Group had approximately 79,967 full-time employees (31 December 2015: 68,150).

The remuneration package of the employees includes salary, bonus and other cash subsidies. Employees are rewarded on a performance related basis, together with reference to the profitability of the Group, remuneration benchmarks in the industry, and prevailing market conditions within the general framework of the Group's salary and bonus system. The Group believes the salaries and benefits that the employees receive are competitive in comparison with market rates. The Group is subject to social insurance contribution plans or other pension schemes organized by the regional governments and 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 or to contribute regularly to other mandatory provident fund schemes on behalf of the employees. 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.

In order to adapt itself to the fast growing and ever changing market, the Group came up with the partnership scheme, aligning the interests of employees with that of the Company. Not only could this profit and loss sharing program help lowering operational cost and increasing profit and returns, but also makes employees better understand the Company's culture of "home experience", and further develop together with the Company.

Besides, since 2014 the Group has recruited 261 PhDs worldwide, through its global recruiting program. These newly recruited talents will become the mainstay of the Group in future.

Forward Looking

Being one of the most important sectors of Chinese economy, the real estate industry is expected to be supported by the government's stimulus package in the second half of 2016, the strong needs of quality housing brought by first time buyers and upgraders will be the driving force of the sector's long term development. On the other hand, the competition of property development industry will be more intensive. To embrace the new market situation of diversification and integration, the Group will continue to adopt steady financial policies and risk control measures, strengthen its contracted sales and cash collection and apply strict cost control to strengthen operating cash flows and ensure investment return. As to the land bank, a more prudent and practical approach will be applied on new land acquisition to ensure the quality of future projects and optimize geographic exposure. Under the background of steady growth, the Group will focus on increasing of profitability to achieve high quality and all rounded development. Looking forward, the Company will actively maximize the value of assets under its management with financial measures. Hotel portfolio disposal and spinning off property management services business are all possible options under consideration. To Country Garden, the urbanization is far from over, the Company will continue to focus on the residential and related demands brought by urbanization, building three business units including property development, community amenities, investment and finance establishing a resources integration platform covering all stages of lives for our clients.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") assists the Board in providing an independent review of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing the audit process and performing other duties and responsibilities as may be assigned by the Board from time to time. The members of the Audit Committee are all of the independent non-executive Directors, namely Mr. LAI Ming, Joseph, Mr. SHEK Lai Him, Abraham, 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 the management of the Company the accounting policies and practices adopted by the Group and discussed, among other things, internal controls and risk management systems and financial reporting matters including a review of the unaudited consolidated results for the six months ended 30 June 2016 of the Group. In addition, the independent auditor of the Company, PricewaterhouseCoopers, has reviewed the unaudited interim results for the six months ended 30 June 2016 in accordance with Hong Kong Standards on Review Engagements 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Board and the management of the Company are committed to principles of good corporate governance consistent with prudent management and enhancement of shareholder value. These principles emphasize transparency, accountability and independence. During the six months ended 30 June 2016, the Company has applied the principles and complied with all code provisions in the Corporate Governance Code set out in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") of the Listing Rules as the code for dealing in securities of the Company by the Directors. After specific enquiry, all Directors confirmed that they have complied with the required standard of dealings set out therein throughout the six months ended 30 June 2016. No incident of non-compliance was noted by the Company to date in 2016. 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.

SHARE OPTION SCHEME

On 20 March 2007, a share option scheme (the "**Share Option Scheme**") was approved and adopted by the then shareholders of the Company for a period of 10 years commencing on the adoption date. Subject to the terms and conditions of the Share Option Scheme, the Board may, at its discretion, grant share options to any eligible person to subscribe for the shares in the Company within the validity period of the scheme.

During the six months ended 30 June 2016, 6,697,137 share options with a fair value on the grant date of approximately RMB17,786,000 were granted to eligible participants in accordance with the terms of the Share Option Scheme. Of the share options granted, 2,665,373 share options had lapsed in accordance with the terms of the Share Option Scheme.

EMPLOYEE INCENTIVE SCHEME

The trust deed in respect of the employee incentive scheme (the "**Employee Incentive Scheme**") for the benefit of the senior management and employees of the Group which excludes any connected persons of the Company, together with the scheme rules were approved by the Board officially. 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 their performance and efficiency. During the six months ended 30 June 2016, the Company had not purchased any shares of the Company from the market, and had not acquired any shares of the Company by other way in accordance to the Employee Incentive Scheme. During the six months ended 30 June 2016, the Board has resolved the granting of share awards under the Employee Incentive Scheme for 3,658,545 shares and 5,365,064 shares on 15 March 2016 and 11 May 2016 respectively subject to the registration and transfer procedures yet to be completed as at 30 June 2016. As of 30 June 2016, the cumulative total numbers of the shares acquired under the Employee Incentive Scheme were 107,771,551 shares (31 December 2015: 107,771,551 shares).

The Board will continue monitoring the Employee Incentive Scheme for the benefit of the senior management and employees of the Group and if it shall consider appropriate and/or desirable, modify or replace the Employee Incentive Scheme with and/or adopt other incentive scheme.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2016, the Company bought back a total of 320,580,000 shares of the Company on the Stock Exchange. All the shares bought back were subsequently cancelled by the Company. Details of those transactions are as follows:

		Price per share		
Month of buy-back	**Number of shares bought back**	**Highest**	**Lowest**	**Aggregate price**
		HKD	*HKD*	*HKD*
January	150,947,000	3.02	2.85	446,644,312.40
February	40,000,000	3.00	2.91	118,564,000.00
March	7,540,000	3.03	3.00	22,751,000.00
April	6,384,000	3.00	3.00	19,152,000.00
May	57,757,000	3.10	2.98	173,987,184.00
June	57,952,000	3.10	3.03	177,463,890.00

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2016.

INTERIM DIVIDEND

The Board declared the payment of an interim dividend of RMB6.92 cents (2015: RMB6.48 cents) per share for the six months ended 30 June 2016 to shareholders whose names appear on the register of members of the Company (the "**Register of Members**") on Thursday, 22 September 2016 (the "**Record Date**") (the "**Eligible Shareholders**"), with the Eligible Shareholders being given an option to elect to receive such interim dividend all in new shares or partly in new shares and partly in cash or all in cash (the "**Scrip Dividend Scheme**").

The interim dividend was declared in RMB and shall be paid in Hong Kong dollars. The interim dividend payable in Hong Kong dollars will be converted from RMB at the average middle rate of RMB to Hong Kong dollars as announced by the People's Bank of China for the period from Thursday, 15 September 2016 to Thursday, 22 September 2016.

The Scrip Dividend Scheme is subject to the Stock Exchange granting the listing of and permission to deal in the new shares to be issued pursuant thereto.

A circular giving full details of the Scrip Dividend Scheme together with the relevant form of election will be sent to the Eligible Shareholders on or around Friday, 7 October 2016. It is expected that the interim dividend warrants and certificates for the new shares of the Company will be dispatched to the Eligible Shareholders on or around Friday, 4 November 2016.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the Eligible Shareholders' entitlement to the interim dividend, the Register of Members will be closed as appropriate as set out below:

Latest time to lodge transfer documents for registration with the Company's Hong Kong branch share registrar and transfer office	At 4:30 p.m. on Monday, 19 September 2016
Closure of Register of Members	Tuesday, 20 September 2016 to Thursday, 22 September 2016 (both days inclusive)
Record Date	Thursday, 22 September 2016

For purpose mentioned above, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than the aforementioned latest time.

PUBLICATION OF INTERIM RESULTS

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

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

Hong Kong, 18 August 2016

As of the date of this announcement, the executive Directors are Mr. YEUNG Kwok Keung (Chairman), Ms. YANG Huiyan (Vice Chairman), Mr. MO Bin (President), Mr. ZHU Rongbin (Associate President), Mr. WU Jianbin (Chief Financial Officer), Ms. YANG Ziying, Mr. SU Rubo, Mr. OU Xueming, Mr. YANG Zhicheng, Mr. XIE Shutai, Mr. SONG Jun, Mr. LIANG Guokun and Mr. SU Baiyuan. The independent non-executive Directors are Mr. LAI Ming, Joseph, Mr. SHEK Lai Him, Abraham, Mr. TONG Wui Tung, Ronald, Mr. HUANG Hongyan, Ms. HUANG Xiao, Mr. MEI Wenjue and Mr. YEUNG Kwok On.