恒大地產集團®
EVERGRANDE REAL ESTATE GROUP

Evergrande Real Estate Group Limited
恒大地產集團有限公司

(incorporated in the Cayman Islands with limited liability)
Stock Code: 3333

Interim Report 2014

Core Competence

First-class scale

First-class brands

First-class team

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Board of Directors and Committees

EXECUTIVE DIRECTORS

Hui Ka Yan *(Chairman)*
Xia Haijun *(Vice Chairman and Chief Executive Officer)*
Xu Wen
He Miaoling
Tse Wai Wah *(Chief Financial Officer)*
Huang Xiangui

INDEPENDENT NON-EXECUTIVE DIRECTORS

Chau Shing Yim, David
He Qi
Xie Hongxi

AUDIT COMMITTEE

Chau Shing Yim, David *(Chairman)*
He Qi
Xie Hongxi

REMUNERATION COMMITTEE

He Qi *(Chairman)*
Hui Ka Yan
Xie Hongxi

NOMINATION COMMITTEE

Hui Ka Yan *(Chairman)*
He Qi
Chau Shing Yim, David

AUTHORISED REPRESENTATIVES

Hui Ka Yan
Fong Kar Chun, Jimmy

Corporate and Shareholder Information

REGISTERED OFFICE IN CAYMAN ISLANDS

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Ugland House
Grand Cayman, KY1-1104
Cayman Islands

HEAD OFFICE

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No. 78 Huangpu Avenue West
Guangzhou
Guangdong Province
The PRC
Postal code: 510620

PLACE OF BUSINESS IN HONG KONG

Suites 1501–1507, One Pacific Place,
88 Queensway, Hong Kong

WEBSITE

www.evergrande.com

COMPANY SECRETARY

Fong Kar Chun, Jimmy
Solicitor of Hong Kong

AUDITOR

PricewaterhouseCoopers

PRINCIPAL BANKERS

Agricultural Bank of China Limited
China CITIC Bank Corporation Limited
Bank of China Limited
Industrial and Commercial Bank of China Limited
China Minsheng Banking Corp., Ltd.
China Merchants Bank Co., Ltd
China Everbright Bank Company Limited
Industrial Bank Co., Ltd.
Shanghai Pudong Development Bank Co., Ltd
Bank of Communications Co., Ltd.
Bank of Jiangsu Co., Ltd.
China PingAn Bank Co., Ltd.
Hua Xia Bank Co., Ltd.
Postal Savings Bank of China Co., Ltd.
China Development Bank Co., Ltd.
China Guangfa Bank Co., Ltd.
Bank of Beijing Co., Ltd.
Guangzhou Rural Commercial Bank Co., Ltd.
China Zheshang Bank Co., Ltd.
Dongying Bank Co., Ltd.
Bank of Ningbo Co., Ltd.
The Bank of East Asia (Hong Kong) Limited
Huishang Bank Co., Ltd.

SHAREHOLDER INFORMATION

Listing Information

The shares of the Company are listed on
The Stock Exchange of Hong Kong Limited
("Hong Kong Stock Exchange")
The bonds of the Company are quoted on Singapore Stock Exchange Limited ("Singapore Stock Exchange") and Hong Kong Stock Exchange

SECURITIES CODES

Stock

HKEX: 3333

Bonds

RMB3,700,000,000 US$ Settled 9.25% Senior Notes due 2016

Common Code:	057638249
ISIN:	XS0576382492

US$1,350,000,000 13.00% Senior Notes due 2015

CUSIP:	300151AA5/G3225AAAI
Common Code:	048317278/048284361
ISIN:	US300151AA58/USG3225AAA19

US$1,500,000,000 8.75% Senior Notes due 2018

CUSIP:	300151AB3/G3225AAD5
Common Code:	098624279/098129359
ISIN:	US300151AB32/USG3225AA057

INVESTOR RELATIONSHIP

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Telephone: (852) 2287 9218/2287 9207

FINANCIAL CALENDAR

Announcement of interim results: 26 August 2014

Chairman's Statement

BUSINESS REVIEW

In the first half of 2014, under the overall weak macro-economic environment, the central government continuously adhered to the basic principle of "two-way and differentiated regulations" and strengthened the use of market-oriented regulations and established long-term measures for the PRC property market. Meanwhile, the property market experienced significant adjustment under the combined effects of credit tightening and changes in the forecast on property price. Compared with the corresponding period in the previous year, the area of commodity housing sold nationwide dropped by 6.0%, while sales amount also decreased by 6.7% with area for sale increased by 24.5%[1].

The adjustment in the real estate market further accelerates industry differentiation, which is reflected in various aspects, such as the differentiation between cities and regions, supply and demand as well as the performance of real estate enterprises. During the first half of 2014, to alleviate the imbalance between supply and demand, first-tier cities released land for sale at a faster pace, resulting in an increase in transaction area by 7.9% comparing to the same period in 2013. However, hampered by the downturn in the property market, second- and third-tier cities recorded a period-on-period decrease in overall land sales of more than 16.0%[2]. Apart from this, out of the 46 cities which have introduced restrictive policies on property purchase, local government of 37 cities have explicitly cancelled or adjusted the restrictive policies in mid-August 2014. In terms of market concentration level, sales of China's top ten real estate developers accounted for 18.6% of the total sales amount during the first half of 2014, representing a sharp increase of 4 percentage points comparing to the same period in 2013, and accounted for 11.7% in terms of areas sold, representing an increase of 2.3 percentage points over the corresponding period in 2013[3].

Despite the market downturn, the Group still maintained solid growth in major operating indices in the first half of the year due to its strong execution capability and the strategy of optimizing the regional layout of residential projects since 2013. The Group achieved contracted sales of RMB69.32 billion for the six months ended 30 June 2014 representing a period-on-period increase of 55.4% and accomplished 63.0% of the annual target. The area of contracted sales amounted to 9.796 million square metres for the six months ended 30 June 2014, representing a period-on-period increase of 47.4%. As at 30 June 2014, the gross floor area (the "GFA") of the land reserves of the Group was 150 million square metres and the accumulated average cost was RMB986 per square metre. The area under construction was 38.715 million square metres while 250 projects were under construction. As at 30 June 2014, the Group had total cash (including cash and cash equivalents and restricted cash) of RMB64.03 billion.

Optimization of the regional layout of the residential projects and acquisition of selected quality land reserves for replenishment. During the period under review, the Group maintained its prudent approach and acquired quality land reserves with an objective to ensure the financial soundness of the Group at the same time. At the end of the period under review, the Group had total land reserves of 150 million square metres, reduced by 0.87 million square metres, representing a decrease of approximately 0.6%, as compared with the total land reserves of the Group as at 31 December 2013.

During the period under review, the Group acquired 13 land banks, and further acquired land in the surrounding areas for the three existing projects. Such new acquisitions are located in cities including Beijing, Chengdu, Taiyuan, Nanchang, Changchun, Lanzhou and Dalian, and the planned construction area was approximately 4.7 million square metres with an average cost of RMB3,772 per square metre. As at 30 June 2014, the Group held land reserves of 150 million square metres covering 147 different cities in the PRC, 303 projects in total and recorded an accumulated average cost of approximately RMB986 per square metre.

1 Source: "National Real Estate Development and Sales for January to June 2014" issued by National Bureau of Statistics of China
2 Source: "Summary for the First Half of 2014 and Prospects (5)" issued by CRIC
3 Source: "1H2014 Top 50 PRC Real Estate Developers in terms of Sales" jointly issued by China Real Estate Information Corporation and China Real Estate Appraisal

Chairman's Statement (Continued)

Among the 13 projects newly acquired by the Group, 15.4% of the projects are located in first-tier cities and 61.5% of the projects are located in second-tier cities. The proportion of projects which are situated in first and second-tier cities increased significantly by 25.4 percentage points as compared with additional projects in 2013. The newly acquired projects in third-tier cities are located in the city centers of Dongguan, Yichang and other cities. Despite that the average cost of the newly acquired lands has increased, the Directors believe that the geographical advantages and the great appreciation potential coupled with the higher expected selling prices would enhance the Group's overall premium rate and profitability.

The Group leverages on cooperation with other parties to acquire new projects for the purpose of enhancing the capital utilization rate. As at 30 June 2014, 65 projects were carried out through cooperation with other parties which resulted in an accumulated reduction in land premium payment of RMB50.98 billion.

Increasing contracted sales price and volume with sales amount breaking records and sales area ranking the first in China. During the period under review, the Group's contracted sales and area sold increased significantly by 55.4% and 47.4%, respectively, as compared with the corresponding period in 2013. The average transaction price increased by 5.4% to RMB7,076 per square metre as compared with the corresponding period in 2013.

The unrivalled sales performance is mainly attributable to the Group's optimized project layout which shows great foresight, upgraded ancillary facilities of products, the standard of decoration as well as the optimal adjustments on sales strategy and selling price since April 2014. Further, during the period under review, the Group launched some retail stores and parking spaces, which contributed to the increase in total sales amount and price as compared with the corresponding period of last year. In the first half of 2014, the average single-month trading price of the Group was over RMB6,300 per square metre and the price further increased to RMB8,347 per square metre in June 2014. Except for the month of February, the single-month sales amounts during the period under review all exceeded RMB10 billion. The Board believes that the rise in selling price was mainly attributable to the geographical advantages and high quality of the Group's products while the increasing selling price and sales amount are favourable for maintaining the net profit margins of the major businesses of the Group.

During the period under review, the Group launched 29 new projects for sale located in 25 cities, such as Beijing, Hefei, Changsha, Chengdu, Chongqing, Haikou, Wuhan, Hangzhou, Shenyang, Harbin, Xi'an, Lanzhou and Dongguan, and projects for sale accumulated to 252 and spanned across 136 different cities.

In the first half of 2014, the contract sales amount was RMB69.32 billion, of which the contract sales amount for first-tier cities amounted to RMB7.23 billion, representing 10.4% of the total contract sales and the sales amount for second-tier cities amounted to RMB31.23 billion, representing 45.1% of the total contract sales. The total proportion of sales amount of the first and second-tier cities increased by 8.0 percentage points as compared with the corresponding period of last year. The above data evidenced a more balanced distribution of sales amount among the first-, second- and third-tier cities. Moreover, the strategy of optimizing project layout since last year achieved remarkable results.

Chairman's Statement (Continued)

Commitment to the meticulous design of construction work, optimization of the scale of new work and the matching of sales and completion plans. In the first half of 2014, the area of new construction of the Group was 13.198 million square metres with an increase of 57.1% as compared with 8.399 million square metres of the corresponding period in 2013. As at 30 June 2014, the Group had 250 projects under construction, and the GFA under construction was 38.715 million square metres. The Group had obtained pre-sale permits for 252 projects while around 50 projects have not yet been launched for sale. The Board considers that its industry-leading development and construction scale and the number of saleable projects allow the Group to be well equipped for generating revenue from the delivery of properties and accomplishing contracted sales in its next phase of growth.

During the period under review, the Group continued to implement standardized operations. Through continuously optimizing the integrated management of the Group and the scientific arrangement on construction work, the Group has completed a GFA of 13.963 million square metres for the six months ended 30 June 2014, delivered 208 projects in total with a transaction value of RMB62.03 billion and a GFA of 9.8 million square metres.

Adherence to the strategy of "cash is king" and endeavors to raise the total amount of cash and net profit margin from main operations. In light of the fact that the industry has entered into the adjustment cycle during the period under review, the Group has continuously strengthened its financial resources so as to prepared itself to resist any possible market risk ahead of time. In the first half of 2014, the Group realized sales proceeds of over RMB52.8 billion, issued perpetual bonds at project level with an addition of over RMB17.58 billion in new financing. Moreover, the Group lowered the pressure of capital payment through leveraging its positive brand image to clinch better contract terms, payment methods and payment conditions.

With the above measures, the total cash of the Group as at 30 June 2014 reached RMB64.03 billion, which was the highest level since the listing of the Company in 2009. Banking on the solid cooperation foundation with large-scale commercial banks in China, the Group obtained new borrowings of RMB42.96 billion during the period under review with unutilized banking facilities reaching RMB50.39 billion as at 30 June 2014. Together with the total cash of RMB64.03 billion as at 30 June 2014, the Group's available funds amounted to RMB114.42 billion.

Meanwhile, the Group sold part of the commercial premises and adopted measures to increase the selling price of the premises in an appropriate manner while devoting to control the selling expenses and management cost. The Board believes that with the further optimization of the location and product quality of the projects as well as further sales of retail stores and parking space, there will be room for the selling prices of the products to be increased, which in turns will have a positive effect on the profit margin of the major businesses of the Group.

Boosting products optimization, structural adjustment and standardized operation. In the first half of 2014, the Group further launched a variety of products and upgraded the overall standard of style, facade and decoration in response to recent market changes. The Group completed a total of 11 commercial complex projects, 20 developing style projects, and upgraded the overall decoration and construction design plan of 19 projects. The optimized product types are further standardized, thus the designs are more tailored to the end-user market as well as housing improvement needs and the product types are further diversified. The flow line production approach is generally adopted in architectural design, supply of construction materials and construction methods to shorten the design cycle, guarantee the quality of design and enhance the effectiveness of development.

In the first half of 2014, the total construction cost of the Group was lowered by approximately RMB659 million through re-optimization of over 2,600 design projects involving significant cost. The purchase price of decoration and construction material dropped steadily, the overall price decreased by 2.77% as compared with that of 2013, while the total amount of purchase price saved in the first half of 2014 was RMB128 million. Meanwhile, the Group established a higher level of partnership with 20 suppliers and is expected to save RMB418 million of purchase cost in the next three years. The successful implementation of the above standardized strategies symbolises the effectiveness of the Group's strategic alliances with premium suppliers and enables the Group to mitigate the impact of escalating costs on gross profit margin and to generate value for its shareholders.

BUSINESS OUTLOOK

The Board believes that with the peak of sales in the coming second half of 2014, the general situation of excessive housing supply is expected to continue. Recently, the Ministry of Housing and Urban-Rural Development made a clear stance on its endeavour to trim inventory level. Such move reflects the pressure of market demand and supply and the possibility of continuous implementation of small-scale stimulating policy by the Central Government. Based on the current macro-economy, market condition and monetary policy, it is expected that the end-demand will gain more support from the credit policy in the second half of 2014. Cities with surplus stock may embrace the opportunities brought about by the adjustment in the policy of restricting property purchases. The enhanced marketing policies of real estate developers will also help to increase demand and trade volume and lead to the possibility of soft landing in the market.

The Group is determined to strengthen the sales and collection of sales proceeds as well as to control costs and expenses strictly, spare no effort on increasing total cash and profit margins and stay devoted to controlling the net debt ratio. Meanwhile, the Group will also replenish quality land reserves by following a more prudent and practical strategy, optimize geographical layout of the projects and improve the profitability on a solid foundation to achieve the high quality coordinated development.

In addition, the Group is in the process of establishing three wholly-owned subsidiaries in order to engage in the dairy industry, livestock husbandry and food and oil production businesses (the "New Businesses"). The Group is still evaluating the developmental strategies of the New Businesses, and as of the date of this report, plans and schedules in respect of the investment into the New Businesses have yet to be finalized. The Group will comply with the disclosure requirements of the Listing Rules and the inside information provisions under Part XIVA of the Securities and Futures Ordinance, and will also comply with the requirements of the Listing Rules in relation to notifiable transactions.

LAND RESERVES

In the second half of 2014, the Group will optimize the geographical layout of its residential real estate projects in a prudent manner, with an objective to maintain the aggregate land reserves at a stable level. The project development will continue to focus on the first- and second-tier cities, and in particular the central urban areas. New acquisitions in the third-tier cities will be carried out based on stricter quantifiable criteria to raise the premium level of products.

The Group has a settled land premium of RMB175.26 billion for its accumulated land reserves and RMB38.95 billion remains outstanding as of 30 June 2014, of which a land premium of RMB12.05 billion is expected to be settled in the second half of 2014, RMB12.71 billion in 2015, and RMB14.19 billion in 2016 and afterward, respectively.

CONTRACTED SALES

The Group will ensure sufficient inventory, formulate its regional sales plan in line with key focus areas, insist on reviewing the completion result of the sales on a monthly basis and adjust the sales strategy in a timely and flexible manner. There will be around 40 new residential projects available for sale in the second half of 2014. These premises are situated in regions such as Beijing, Shanghai, Guangdong, Chongqing, Jinan, Zhengzhou, Nanjing, Hefei, Changchun, Dalian and Dongguan. The Group proposes to capitalize on market timing and selectively develop new projects for sale in accordance with overall market needs. Apart from this, the Group also has further arrangements on retail and parking spaces, which is expected to effectively supplement the contracted sales of the entire year.

With regard to the pricing strategy, the Group will maintain a balance between the selling price and sales volume and elevate sales performance in a flexible and practical manner. Given the Group's remarkable sales performance in the first half of 2014, together with its exceptional execution capability and product strength, the Board is of the view that the Group will be able to achieve its full-year contracted sales target of RMB110 billion.

FINANCIAL RESOURCE

The Group will continue to maintain robust financial policies and endeavor to raise the total amount of cash and net profit margin for its main operations. To accomplish this, the Group will further enhance the collection of sales proceeds, increase the turnover of inventory assets, sell part of the commercial premises and continue to expand project cooperation. Meanwhile, the Group will formulate more scientific and reasonable commencement, completion and payment plans to reasonably control major expenses such as land and construction expenses.

With respect to the control of costs and expenses, the Group will continue to fully implement product upgrades, replacement and standardized and deepened reform, thereby ensuring quality while reducing costs. The Group will also endeavor to use new media and other media to lower selling expenses, establish the leading SAP and ERP systems in the industry and make full use of information technology to further reduce operating expenses.

ACKNOWLEDGEMENT

The steady development of the Group has always been trusted and supported by its shareholders, investors and business partners as well as the loyalty of our staff members. On behalf of the Board, I express my heartfelt gratitude.

By order of the Board
Evergrande Real Estate Group Limited
Hui Ka Yan
Chairman

Hong Kong, 29 August 2014

Management Discussion and Analysis

OVERALL PERFORMANCE

The Group recorded revenue of RMB63.34 billion for the six months ended 30 June 2014 (corresponding period of 2013: RMB41.95 billion), representing a period-on-period growth of 51.0%. Gross profit amounted to RMB18.09 billion (corresponding period of 2013: RMB11.45 billion), representing an increase of 58.0% over the corresponding period of last year. Profit attributable to shareholders was RMB7.09 billion (corresponding period of 2013: RMB6.24 billion), representing an increase of 13.6% as compared with the corresponding period of last year. Basic earnings per share amounted to RMB0.48 (corresponding period of 2013: RMB0.39), representing a period-on-period increase of 23.1%. Diluted earnings per share amounted to RMB0.47 (corresponding period of 2013: RMB0.38).

Equity attributable to shareholders of the Group as at 30 June 2014 was RMB46.03 billion (31 December 2013: RMB48.59 billion), representing a decrease of 5.3% from the end of last year.

REVENUE

Revenue of the Group for the period under review amounted to RMB63.34 billion, representing a growth of 51.0% compared with the corresponding period in 2013, of which revenue generated from the property development segment amounted to RMB62.03 billion, representing a period-on-period growth of 50.2%. Revenue generated from property management services was RMB465 million, representing an increase of 69.5% compared with the corresponding period of last year.

GROSS PROFIT

Gross profit of the Group was RMB18.09 billion for the six months ended 30 June 2014, representing an increase of 58.0% compared with the corresponding period of last year. The increase in gross profit was mainly attributable to a significant increase in sales of properties. The gross profit margin was 28.6%, an increase of 1.3 percentage points comparing to 27.3% of the corresponding period of last year, which was mainly attributable to increased sales of properties in developed cities.

SELLING AND MARKETING COSTS

During the period under review, selling and marketing costs of the Group rose from RMB1.50 billion for the corresponding period of 2013 to RMB3.54 billion, which was mainly attributable to an increase in the number of projects launched and significant expansion in scale which led to the corresponding increase in nationwide marketing and brand publicity activities during the period under review. This portion of costs was incurred in relation to the pre-sales, and corresponding pre-sale revenue had to be recognized after the delivery of possession. During the period under review, the selling and marketing costs accounted for approximately 5.1% of the amount of contracted sales of the first half of 2014, which marked an increase of 1.7 percentage points as compared with that of the corresponding period of 2013.

ADMINISTRATIVE EXPENSES

During the period under review, administrative expenses of the Group increased from RMB1.24 billion for the corresponding period of 2013 to RMB1.94 billion, which was mainly attributable to the continuous expansion of its national business and significant growth in operating results achieved during the period under review with the corresponding increase in the number of employees and the level of their remuneration. During the period under review, the administrative expenses accounts for approximately 2.8% of the amount of contracted sales of the first half of 2014, equal to that of the corresponding period of 2013.

Management Discussion and Analysis (Continued)

FINANCIAL REVIEW

Borrowings

As at 30 June 2014, the borrowings of the Group amounted to RMB151.78 billion.

	30 June 2014 (RMB billion)	As a percentage of total borrowings	31 December 2013 (RMB billion)	As a percentage of total borrowings
Less than 1 year	**75.82**	**50.0%**	35.80	32.9%
1–2 years	**51.20**	**33.7%**	44.34	40.7%
2–5 years	**24.01**	**15.8%**	27.88	25.6%
More than 5 years	**0.75**	**0.5%**	0.80	0.8%
	151.78	**100.0%**	108.82	100.0%

The borrowings were pledged against the property and equipment, land use rights, investment properties, properties under development, completed properties held for sale, cash at bank and the equity interest of certain subsidiaries of the Group.

Foreign Exchange Exposure

The Group's businesses are principally conducted in Renminbi. Other than the bank deposits denominated in foreign currencies, bank borrowings and the senior notes denominated in US$ and HK$, the Group does not have any material exposure directly due to foreign exchange fluctuations. The Group has not entered into any significant forward exchange contract to hedge its exposure to foreign exchange risk.

Available Funds

As at 30 June 2014, the total amount of cash and cash equivalents and restricted cash was RMB64.03 billion. In addition, the Group had unutilised banking facilities of RMB50.39 billion. Together with this sum, these funds provided sufficient working capital for the Group to seek the best business opportunities and provided significant financial support for rapid development.

Financial Leverage

As at 30 June 2014, the Group's net debt ratio (the ratio of net borrowing to total shareholders' equity) was 89.6%, representing an increase of 20.1 percentage points as compared to 69.5% as at 31 December 2013 and an increase of 31.2 percentage points as compared to 58.4% in the corresponding period of 2013. It was mainly due to the increase in land reserves and construction projects, which result in approximately RMB43 billion of net increase in borrowings, approximately RMB38.1 billion of payment for land reserves (most of which have been acquired before 2013) and construction payment of approximately RMB32.3 billion in the first half of 2014. It is believed that the Group's net gearing position for the entire year will be improved with the increase in contracted sales and accelerating recovery of sales proceeds in the second half of 2014. Also, the Group will leverage its excellent brand image to obtain more favorable terms, method of payment and conditions of payment in respect of its contracts.

Contingent Liabilities

As at 30 June 2014, the Group arranged bank financing for certain property buyers and provided guarantees in relation to the repayment obligations of approximately RMB89.7 billion for those buyers. The Group had not suffered from significant loss resulting from the above guarantees in the past, which was mainly because the guarantees concerned were only a transitional arrangement for property buyers prior to the completion of mortgage registration and were pledged against property rights, in addition to the fact that they will be released once the mortgage registration is completed. Considering the above factors, the Board is of the view that the possibility of default by buyers is minimal, thus the financial guarantees measured at fair value is immaterial.

Land Reserve

During the period under review, the Group acquired 13 land reserves, covering 9 cities such as Beijing, Chengdu, Taiyuan, Nanchang, Changchun, Lanzhou and Dalian. As at 30 June 2014, the planned GFA was approximately RMB4.7 million square metres and the average cost was RMB3,772 per square metre.

Distribution of newly acquired land reserves of the Group in the first half of 2014

No.	Project Name	City	Site area (thousand square metre)	Total GFA (thousand square metre)	Area of Land reserve (thousand square metre)
1	Evergrande Emerald Court Beijing	Beijing	46.0	174.8	174.8
2	Evergrande Metropolis Beijing	Beijing	35.0	98.0	98.0
3	Evergrande Royal Scenic Bay Taiyuan	Taiyuan	334.7	1,171.3	1,171.3
4	Evergrande Royal View Garden Nanchang	Nanchang	88.5	177.0	177.0
5	Evergrande Atrium Yichang	Yichang	168.1	386.7	386.7
6	Evergrande Metropolis Lanzhou	Lanzhou	86.7	357.5	357.5
7	Evergrande Royal View Garden Dalian	Dalian	152.7	230.6	230.6
8	Evergrande Royal Scenic Bay Dalian	Dalian	28.4	101.5	101.5
9	Evergrande Emerald Court Chengdu	Chengdu	45.9	165.3	165.3
10	Chengdu Caojiaxiang Project	Chengdu	111.8	728.9	728.9
11	Evergrande Royal View Noble Court Dongguan	Dongguan	54.5	148.4	148.4
12	Evergrande Regal Court Dongguan	Dongguan	55.4	166.1	166.1
13	Evergrande Royal View Garden Changchun	Changchun	200.0	399.9	399.9
*	Evergrande Royal View Garden Xi'an Phase 2	Xi'an	45.7	160.2	160.2
*	Evergrande Splendor Xinxiang Phase 1 Business Centre	Xinxiang	43.3	21.7	21.7
*	Evergrande Oasis Changsha Phase 2	Changsha	47.1	212.4	212.4
	Total		1,543.8	4,700.3	4,700.3

* Extra land reserves for current projects

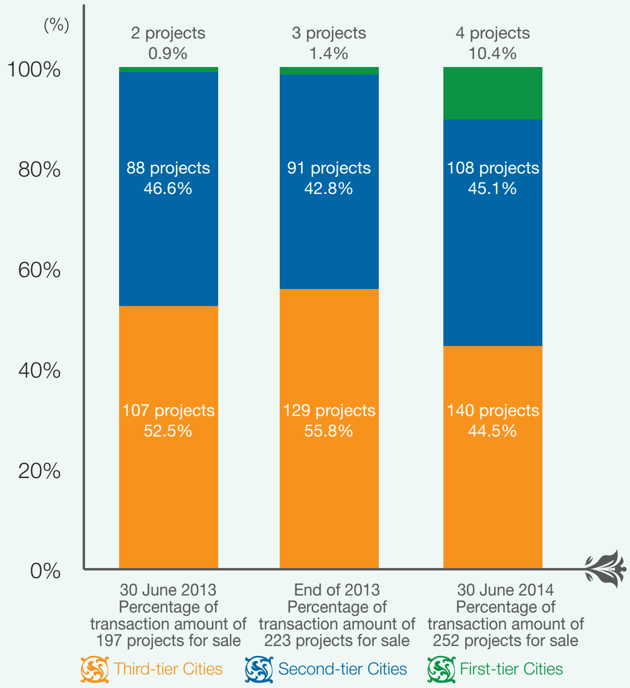
Contracted Sales

During the period under review, the Group achieved contracted sales revenue of RMB69.32 billion, accomplishing 63.0% of the sales target for the entire year. The area of the contracted sales amounted to 9.796 million square metres, while the average price of the contracted sales amounted to RMB7,076 per square metre. During the first half of 2014, the Group launched 29 new projects for sale. As at 30 June 2014, the accumulated number of projects for sale was 252, spanning across 29 regions and 136 cities in China.

Regional distribution of contracted sales for the six months ended 30 June 2014

No.	Province	Amount of contracted sales (RMB millions)	Proportion of contracted sales
1	Guangdong Province	5,851	8.4%
2	Beijing City	5,735	8.3%
3	Shandong Province	5,539	8.0%
4	Anhui Province	5,081	7.3%
5	Henan Province	4,683	6.8%
6	Jiangsu Province	4,484	6.5%
7	Hebei Province	4,008	5.8%
8	Shanxi Province	3,618	5.2%
9	Hunan Province	2,960	4.3%
10	Jiangxi Province	2,770	4.0%
11	Chongqing City	2,756	4.0%
12	Hubei Province	2,623	3.8%
13	Sichuan Province	2,511	3.6%
14	Liaoning Province	2,500	3.6%
15	Heilongjiang Province	2,455	3.5%
16	Zhejiang Province	1,692	2.4%
17	Jilin Province	1,640	2.4%
18	Gansu Province	1,280	1.8%
19	Hainan Province	1,237	1.8%
20	Shaanxi Province	1,220	1.8%
21	Guangxi Zhuang Autonomous Region	904	1.3%
22	Guizhou Province	827	1.2%
23	Inner Mongolia Autonomous Region	727	1.0%
24	Tianjin City	605	0.9%
25	Xinjiang Uygur Autonomous Region	453	0.7%
26	Ningxia Hui Autonomous Region	436	0.6%
27	Yunnan Province	308	0.4%
28	Qinghai Province	223	0.3%
29	Fujian Province	191	0.3%
	Total	69,317	100.0%

Comparison between percentage of transaction amount of projects for sale



As of the end of July 2014, the Group has a total of contracted sales amount of RMB80.12 billion, representing an increase of 52.0% compared with the corresponding period in the previous year and accomplishing 72.8% of the annual target for contracted sales; area of contracted sales amounted to 11,308,000 square metres, representing an increase of 45.2% compared with the corresponding period in the previous year; the average price of the contracted sales was 7,085/square metre, representing an increase of 4.6% compared with the corresponding period in the previous year.

Management Discussion and Analysis (Continued)

Property Development

During the period under review, the Group had a total of 184 projects completed which were situated in 27 major regions in China with a completed total GFA of 13.963 million square metres. The distribution of the completed projects is set out in the following table:

Table of area completed by the Group in each region during the first half of 2014

No.	Province	Area (thousand square metres)	Percentage
1	Jiangsu Province	1,392.7	10.0%
2	Shandong Province	1,270.2	9.1%
3	Henan Province	1,194.4	8.6%
4	Anhui Province	1,005.4	7.2%
5	Guangdong Province	980.1	7.0%
6	Jiangxi Province	862.3	6.2%
7	Hebei Province	608.7	4.4%
8	Chongqing City	603.3	4.3%
9	Heilongjiang Province	593.6	4.3%
10	Hunan Province	580.0	4.2%
11	Jilin Province	496.6	3.6%
12	Hubei Province	485.3	3.5%
13	Liaoning Province	462.1	3.3%
14	Shanxi Province	442.6	3.2%
15	Gansu Province	426.4	3.1%
16	Zhejiang Province	413.6	3.0%
17	Sichuan Province	390.6	2.8%
18	Inner Mongolia Autonomous Region	262.3	1.8%
19	Shaanxi Province	252.2	1.8%
20	Guangxi Zhuang Autonomous Region	248.3	1.7%
21	Xinjiang Uygur Autonomous Region	243.5	1.7%
22	Guizhou Province	182.6	1.3%
23	Hainan Province	178.7	1.2%
24	Tianjin City	158.7	1.1%
25	Ningxia Hui Autonomous Region	145.0	1.0%
26	Qinghai Province	62.1	0.4%
27	Yunnan Province	21.3	0.2%
	Total	13,962.5	100%

During the period under review, the Group delivered a total of 208 projects with a transaction value of RMB62.03 billion, representing a period-on-period increase of 50.2%; the delivered area was 9.8 million square metres, representing a period-on-period increase of 41.9%. The average price of transaction was RMB6,331 per square metre, representing a period-on-period increase of 5.9%.

As at 30 June 2014, the Group had 250 projects under construction with a GFA of approximately 38.715 million square metres, 252 projects for sale, and about 50 projects yet to be launched for sale.

Other Business

During the period under review, the Group recorded RMB782 million of revenue in total for the other businesses of the Group, which was mainly generated from mineral water sales, property construction and other property development related services. The increase of RMB464 million as compared with the corresponding period of 2013 was mainly attributable to an increase in mineral water sales in the Period. The Group started mineral water sales in November 2013. There was no revenue from mineral water business in the first half of 2013. By contrast, sales of mineral water for the Period consist of six months sales. Meanwhile, the Group invested in nation-wide mineral water promotion and its administrative expenses at start-up period, together with property construction, football club and hotel results, other segment recorded a loss amounted to RMB2.0 billion over the Period, RMB1.4 billion more than the loss of the corresponding period of last year. It is believed that other segment loss will be less in the second half of 2014 because sales of mineral water will increase in the second half of 2014 as compared with the first half of 2014 by virtue of the well-recognized brand of Evergrande Spring, increased production capacity and well-established nation-wide sales network.

Corporate Social Responsibilities

The Group has always been actively committed to social responsibilities and deeply devoted to fully supporting charitable activities, such as livelihood, sports and environmental protection.

In March 2014, the Group donated RMB30 million to China Children and Teenagers' Fund to support the development of child charities, which shows the Group perseverance in fighting poverty and helping needy people.

In terms of disaster relief, after the outbreak of water pollution in Lanzhou, the Group immediately donated and delivered 12,000,000 bottles of Evergrande Spring mineral water in 500,000 cartons to the affected area in Lanzhou and all bottled mineral waters were distributed within 65 hours.

With respect to social welfare, in order to boost employment and nurture talents, the Group organized recruitment programs in colleges and universities in China which provided a good employment and job-hunting platform for 1,871 graduating students.

With respect to green construction, the Group continuously carried out the strategy of delivering fully-refurbished properties and the strategy of product upgrade and replacement. In the first half of 2014, the Group further optimized and upgraded main house layouts and successfully developed 20 new house layout plans which meet the latest demand. The Group also improved the geographical convenience, quality and environmental effectiveness of residential products. Besides, the Group constructed a new high-tech housing sales center to provide one-stop experience to potential buyers.

Investors Relations

The Group continued to build up an investor relationship on the basis of mutuality and interactiveness. During the Period, the Group has accommodated in aggregate approximately 413 visits from institutional investors, and met with 476 investors of different nature. In particular, the main investor relationship activities included: study tours to various real estate projects of the Group across the country for about 108 visitors; 25 teleconferences and meetings attended by the management and the greeting of 87 visiting investors; the participation of the investors annual conferences organized by Citibank, Bank of America, Merrill Lynch, Deutsche Bank, DBS Bank, Nomura Securities, Macquarie Securities, Barclays Bank PLC, etc., at which the Group met 144 investment institutions and 156 investors; the participation of the Group in the 2013 annual results roadshows organized by Goldman Sachs, JP Morgan, Credit Suisse, DBS Bank, Bank of America, Merrill Lynch, Citibank and Deutsche Bank and covers places such as Hong Kong, Singapore, Los Angeles, Boston, New York and London during the Period, at which extensive interaction was carried out with the shareholders of the Company and 100 institutional investors of various calibers were met.

The Group firmly believes that, a clear and transparent communication channel and a beneficial and interactive investor relationship will facilitate us to formulate operating strategies that align with the interests of the shareholders, for whom we shall never cease to generate value.

Awards

During the period under review, the Group, again, won multiple awards. In the assessment of the Top 500 China Real Estate Developers, the Group ranked second in the Top 500 China Real Estate Developers for four consecutive years, first in China Real Estate Development Enterprise Comprehensive Development Top 10, first in the Top Ten City Coverage's Real Estate Developers in China, first in Top 10 Real Estate Development Enterprises in China in terms of Innovation Capability, first in China Real Estate Development Enterprise Tourism Real Estate Top 10 and first in the Top 10 China Real Estate Developers by Corporate Social Responsibility. In the selection of the "Top 10 of Top 100 Listed Real Estate Developers in China by Integrated Capability 2014" jointly held by The Corporate Research Institute under the State Development Research Centre of the State Council, the Real Estate Research Institute of Qinghua University and the China Index Academy, the Group ranked first in the Top 10 China Real Estate Companies Listed in Hong Kong by Integrated Capability for three consecutive years and first in the Top 10 Investment Value for the third time.

HUMAN RESOURCES

As at 30 June 2014, the Group had a total of 65,461 employees, of which approximately 90% are graduates with bachelor's degree or above in property development or construction, forming a team of young, highly educated and high quality personnel.

The Group firmly believes that people are the most important corporate resources, and has been adhering to a people-oriented human resources development strategy. This helped the Group create a harmonious working environment and positive interaction between the Group and its staff. During the period under review, total staff cost (including directors' emoluments) of the Group was approximately RMB3.60 billion (corresponding period of 2013: approximately RMB2.51 billion).

Corporate Governance and Other Information

INFORMATION ON SHARE OPTIONS OF THE COMPANY

(i) Share Option Scheme

On 14 October 2009, the Company adopted a share option scheme ("Share Option Scheme") whereby the Board can grant options (the "Options") to our employees, managerial staff and senior employees and those other persons that the Board considers that they will contribute or have contributed to the Group (the "Participants") to subscribe for shares in the Company in order to serve as compliment and to reciprocate their contribution to the Group. The details of the principal terms and conditions of the Share Option Scheme were set out in the prospectus (the "Prospectus") of the Company dated 22 October 2009.

On 18 May 2010, the Company granted an aggregate of 713,000,000 Options to 137 Participants to subscribe for an aggregate of 713,000,000 shares in the Company, representing approximately 4.75% of the shares (the "Shares") of the Company in issue as at the date of grant. The details of the Options granted are as follows:

Grantees	Date of grant of share options	Exercise period of share options	Exercise price HK$	Number of share options held as at 1 January 2014	Number of share options granted during the period	Number of share options exercised during the period	Number of share options cancelled/ lapsed during the period	Number of share options held as at 30 June 2014
Directors	18 May 2010	Note 1	2.40	112,500,000	—	(68,527,000)	—	43,973,000
Other employees	18 May 2010	Note 1	2.40	397,636,000	—	(179,422,000)	(2,600,000)	215,614,000
Total				510,136,000	—	(247,949,000)	(2,600,000)	259,587,000

Notes:

1. The Options with respect to a Participant may be exercisable in 5 tranches in the following manners:

   (i) the first tranche of 20% of the Shares that are the subject to the Options granted (rounded down to the nearest whole number) will be exercisable at any time during the period commencing from 31 December 2010 and ending on 31 December 2015;

   (ii) the second tranche of 20% of the Shares that are the subject to the Options granted (rounded down to the nearest whole number) will be exercisable at any time during the period commencing from 31 December 2011 and ending on 31 December 2016;

   (iii) the third tranche of 20% of the Shares that are the subject to the Options granted (rounded down to the nearest whole number) will be exercisable at any time during the period commencing from 31 December 2012 and ending on 31 December 2017;

   (iv) the fourth tranche of 20% of the Shares that are the subject to the Options granted (rounded down to the nearest whole number) will be exercisable at any time during the period commencing from 31 December 2013 and ending on 31 December 2018;

   (v) the fifth tranche comprising the remaining number of Shares that are subject to the Options granted will be exercisable at any time during the period commencing from 31 December 2014 and ending on 13 October 2019.

2. The closing price of the Shares on the date of grant of the Options was HK$2.27 per Share.

3. The Share Option Scheme will expire on 13 October 2019, being not more than 10 years pursuant to 17.03(11) of the Listing Rules.

4. These options have lapsed due to the resignation of grantees during the period.

Corporate Governance and Other Information (Continued)

5. Valuation of the options granted

The valuation of options granted on 18 May 2010 was conducted based on the Binomial Model with the following assumptions:

Date of grant	18 May 2010
Closing share price at the date of grant	HK$2.27
Exercise price per share	HK$2.40
Annual risk free rate	2.88% per year
Expected volatility	42% per year
Life of the option	6.4 years
Expected dividend yield	1.80% per year

The fair value per share of option:

Vesting period	Directors	Other employees
7 months after the grant date	HK$0.351511	HK$0.294435
19 months after the grant date	HK$0.376185	HK$0.325711
31 months after the grant date	HK$0.398259	HK$0.355246
43 months after the grant date	HK$0.417160	HK$0.380112
55 months after the grant date	HK$0.430320	HK$0.398881

(ii) Pre-IPO Share Option Scheme

The Company adopted a pre-IPO share option scheme on 14 October 2009 ("Pre-IPO Share Option Scheme"). The purposes and main terms of the Pre-IPO Share Option Scheme are similar to Share Option Scheme, and the main terms are as follows:

(a) The subscription price per Share shall be equal to the initial offer price of the Shares under the global offering, that means HK$3.50 per share;

(b) As of 30 June 2014, the total number of Shares involved in the Pre-IPO Share Option Scheme was 117,299,000 shares, which is equivalent to approximately 0.80% of the Shares issued of the Company; and

(c) No further options shall be offered or granted starting from the date the Shares are traded on the Stock Exchange.

The followings are details of the options granted pursuant to the Pre-IPO Share Option Scheme:

Grantees	Date of grant of share options	Exercise period of share options	Number of share options held as at 1 January 2014	Number of share options exercised during the period	Number of share options cancelled/ lapsed during the period	Number of share options held as at 30 June 2014
Directors	14 October 2009	Note 1	38,000,000	(20,000,000)	—	18,000,000
Other employees	14 October 2009	Note 1	129,929,000	(30,630,000)	—	99,299,000
Total			167,929,000	(50,630,000)	—	117,299,000

Note:

1. Those grantees to whom options have been granted are entitled to exercise the options according to the following manner:

   (a) a maximum of 30% of the Shares (rounded to the nearest integer) involved in the options granted can be exercised any time from the anniversary of 5 November 2009 ("Listing Date") to 36 months after the anniversary of the Listing Date;

   (b) a maximum of 60% of the shares (rounded to the nearest integer) involved in the options granted minus the number of shares in respect of those options exercised can be exercised any time from the second anniversary of the Listing Date to 36 months after the second anniversary of the Listing Date; and

   (c) the number of shares involved in the options granted minus the number of shares in respect of those options exercised can be exercised any time from the third anniversary of the Listing Date to 36 months after the third anniversary of the Listing Date.

Further details of the Pre-IPO Share Option Scheme are provided in the Prospectus.

DEBENTURE

During the six months ended 30 June 2014, none of the Company, its holding company or its subsidiaries were the contracting parties of any arrangements from which the Directors could make a profit by purchasing the shares or debentures of the Company or any other companies.

INTERESTS AND SHORT POSITIONS OF DIRECTORS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES

As at 30 June 2014, the interest and short positions of the Directors or chief executives of the Company in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) required to be recorded in the register mentioned under Section 352 of the Securities and Futures Ordinance or as otherwise notifiable to the Company and the Stock Exchange pursuant to the Model Code of Securities Transactions by Directors of Listed Issuers (the "Model Code") are as follows:

(i) Interest in the shares of the Company

Name of director	Nature of interest	Number of securities	Approximate percentage of shareholding
Hui Ka Yan (Note 1)	Interest of controlled company	10,162,119,735 (L)	70.10%

Note:

1. Of the 10,162,119,735 Shares held, 9,370,871,497 Shares were held by Xin Xin (BVI) Limited, a company wholly owned by Dr. Hui Ka Yan, and 791,248,238 Shares were held by Even Honour Holdings Limited, a company wholly owned by Dr. Hui Ka Yan's spouse, Ms. Ding Yumei ("Mrs Hui"). The interest of Even Honour Holdings Limited in the Company is also deemed to be held by Dr Hui pursuant to the SFO.

(ii) Interest in the underlying shares of the Company

(a) Pre-IPO Share Option Scheme

Name of director	Nature of interest	Number of shares involved in the options granted under the Pre-IPO Share Option Scheme	Approximate percentage of shareholding of those options granted and exercised under the Pre-IPO Share Option Scheme based on the existing issued share capital of the Company
He Miaoling	beneficiary owner	6,000,000	0.04%
Tse Wai Wah	beneficiary owner	6,000,000	0.04%
Xu Wen	beneficiary owner	6,000,000	0.04%

Note: The Pre-IPO Share Options are exercisable at HK$3.50 per Share.

(b) Share Option Scheme

Name of director	Nature of interest	Number of shares involved in the options granted under the Share Option Scheme	Approximate percentage of shareholding of those options granted and exercised under the Share Option Scheme based on the existing issued share capital of the Company
Xia Haijun	beneficiary owner	20,138,000	0.14%
He Miaoling	beneficiary owner	2,335,000	0.02%
Tse Wai Wah	beneficiary owner	9,000,000	0.06%
Xu Wen	beneficiary owner	11,000,000	0.07%
Huang Xiangui	beneficiary owner	1,500,000	0.01%

Note: The exercise price of the Share Options granted on 18 May 2010 was HK$2.40 per Share.

(iii) Interest in associated corporations of the Company

Name of director	Name of associated corporation	Number of securities	Approximate percentage of shareholding
Hui Ka Yan (Note)	Xin Xin (BVI) Limited	100 shares	100%
	Even Honour Holdings Limited	1 share	100%

Note: Pursuant to the SFO, Even Honour Holdings Limited is wholly owned by the spouse of Mr Hui Ka Yan and is deemed to be an associated corporation of the Company.

(iv) Interest in debentures of the Company

Names of Director	Currency of debentures	Amount of debenture bought	Amount of debentures in same class in issue
Xia Haijun	US$	3,500,000	1,500,000,000
Tse Wai Wah	CNY	1,500,000	3,700,000,000

Save as disclosed above, as at 30 June 2014, none of the Directors, executives of the Company or their respective associates had any other interests or short positions in any Shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required pursuant to Section 352 of the SFO to be entered in the register referred to therein or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS

As far as the Directors or executives of the Company are aware, as at 30 June 2014, other than the Directors or chief executives of the Company as disclosed above, the following persons had interest or short positions in the Shares or underlying shares which were required to be notified to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were required pursuant to Section 336 of the SFO to be entered in the register to be kept therein or to be notified to the Company and the Stock Exchange:

Name of shareholder	Nature of interest held	Interest in the shares	Approximate percentage of shareholding
Mrs. Hui	Interest of controlled corporation	10,162,119,735(L) (Note 1)	70.10%
Xin Xin (BVI) Limited	Beneficial owner	9,370,871,497(L) (Note 2)	64.64%
Yaohua Limited	Interest of controlled corporation	791,248,238(L) (Note 3)	5.46%
Even Honour Holdings Limited	Beneficial owner	791,248,238(L) (Note 3)	5.46%

Notes:

1. Of the 10,162,119,735 Shares held, 791,248,238 Shares were held by a company wholly owned by Mrs Hui, and 9,370,871,497 Shares were held by Xin Xin (BVI) Limited, a company wholly owned by Dr Hui Ka Yan, the spouse of Mrs. Hui. The interest of Xin Xin (BVI) Limited in the Company is also deemed to be held by Mrs Hui pursuant to the SFO.

2. Xin Xin (BVI) Limited is beneficially owned by Dr. Hui Ka Yan.

3. Yaohua Limited is wholly owned by Mrs. Hui. Even Honour Holdings Limited is wholly owned by Yaohua Limited.

MATERIAL ACQUISITIONS AND DISPOSALS

For the six months ended 30 June 2014, the Group did not have any material acquisition or disposal.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended 30 June 2014.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period under review, the Company had repurchased from the market a total of 1,602,846,100 shares of the Company at price per share ranging from HK$2.80 to HK$3.64 for an aggregate consideration of approximate HK$5.3 billion. All of these repurchased shares were subsequently cancelled. Save as disclosed herein, 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 2014. Full details of the repurchases are set out below:

Date of repurchase	Number of shares securities repurchased	Highest price per share (HK$)	Lowest price per share (HK$)	Aggregate purchase price
27 January 2014	71,929,000	2.97	2.80	2.90
28 January 2014	134,549,000	3.02	2.90	3.00
29 January 2014	96,421,000	3.07	3.02	3.06
30 January 2014	51,548,000	3.10	3.09	3.10
4 February 2014	118,040,000	3.15	3.14	3.15
5 February 2014	89,677,000	3.21	3.20	3.21
7 February 2014	115,135,000	3.27	3.14	3.24
10 February 2014	130,203,000	3.29	3.11	3.26
11 February 2014	50,208,000	3.32	3.29	3.31
12 February 2014	21,531,000	3.36	3.33	3.35
13 February 2014	30,740,000	3.39	3.34	3.36
14 February 2014	79,339,000	3.47	3.38	3.44
17 February 2014	103,935,000	3.53	3.41	3.51
18 February 2014	107,278,000	3.58	3.49	3.55
19 February 2014	196,064,000	3.64	3.57	3.63
20 February 2014	56,000,000	3.58	3.49	3.52
21 February 2014	84,706,000	3.51	3.39	3.46
25 February 2014	21,000,000	3.33	3.21	3.28
26 February 2014	24,000,000	3.38	3.26	3.34
27 February 2014	12,000,000	3.37	3.32	3.35
28 February 2014	8,543,100	3.33	3.28	3.31

CHANGES TO INFORMATION OF DIRECTORS UNDER RULE 13.51B(1) OF THE LISTING RULES

The following are the changes to the information of Directors required to be disclosed under Rule 13.51B(1) of the Listing Rules:

Mr. Chau Shing Yim, David, was appointed an independent non-executive director of Up Energy Development Group Limited (stock code: 307), Man Wah Holdings Limited (stock code: 1999) and Richly Field China Development Limited (stock code: 313), all are companies listed on the Stock Exchange. Mr. Chau retired as an executive director of Zhidao International (Holdings) Limited (stock code: 1220), which is listed on Stock Exchange, and resigned as an independent non-executive director of Duoyuan Global Water Inc., which is listed on the New York Stock Exchange, and Shandong Molong Petroleum Machinery Company Limited (Stock Code: 568), which is listed on Stock Exchange.

Mr. He Qi was appointed the secretary general of the circulation services committee of the China Real Estate Association and an independent non-executive director of China Merchants Land Limited (stock code: 00978), a company listed on the Stock Exchange. Mr. He also ceased to be the director of the training center and the intermediary professional committee of the China Real Estate Association.

CORPORATE GOVERNANCE

The Company has been in compliance with the code provisions of the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2014.

REVIEW OF INTERIM RESULTS BY AUDITOR AND AUDIT COMMITTEE

The unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2014 has been reviewed by PricewaterhouseCoopers 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.

The Audit Committee comprises three members who are all independent non-executive Directors, namely, Mr. Chau Shing Yim, David, Mr. He Qi and Ms. Xie Hongxi. Mr. Chau Shing Yim, David, who has appropriate professional qualifications and experience in accounting matters, is the chairman of the Audit Committee. The Audit Committee of the Board has reviewed the Group's interim results for the six months ended 30 June 2014, and discussed with the Company's management regarding review, internal control and other relevant matters.

MODEL CODE FOR SECURITIES TRANSACTIONS CONDUCTED BY THE DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") as its own code of conduct for securities transactions conducted by directors of the Company. All directors of the Company have confirmed their compliance with the Model Code during the period under review.

Condensed Consolidated Balance Sheet

	Note	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
ASSETS			
Non-current assets			
Property and equipment	7	12,826,876	11,377,719
Land use rights	7	3,063,319	2,796,471
Investment properties	7	48,176,770	36,038,688
Properties under development	8	354,842	354,842
Trade and other receivables	10	5,519,988	2,626,439
Intangible assets	7	547,845	439,600
Available-for-sale financial assets	12	4,952,241	3,845,234
Deferred income tax assets	19	2,212,395	1,290,772
		77,654,276	58,769,765
Current assets			
Properties under development	8	181,641,489	160,543,684
Completed properties held for sale	9	35,666,568	24,288,831
Trade and other receivables	10	14,850,558	9,511,811
Prepayments	11	45,965,729	39,632,002
Income tax recoverable		1,842,201	1,748,660
Restricted cash	13	27,804,103	13,534,985
Cash and cash equivalents	14	36,230,016	40,118,454
		344,000,664	289,378,427
Total assets		421,654,940	348,148,192
EQUITY			
Equity attributable to shareholders of the Company			
Share capital	15	1,030,155	1,109,703
Share premium	15	—	4,227,525
Reserves	16	5,841,415	4,232,261
Retained earnings		39,153,950	39,020,303
		46,025,520	48,589,792
Perpetual capital instruments	17	44,484,172	25,023,773
Non-controlling interests		7,375,036	5,729,069
Total equity		97,884,728	79,342,634

Condensed Consolidated Balance Sheet (Continued)

	Note	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	18	**75,962,463**	73,021,273
Other payables	20	**1,291,177**	870,475
Deferred income tax liabilities	19	**8,125,732**	6,716,307
		85,379,372	80,608,055
Current liabilities			
Borrowings	18	**75,818,266**	35,796,065
Trade and other payables	20	**115,333,751**	99,895,408
Receipt in advance from customers		**30,911,365**	39,000,386
Current income tax liabilities	21	**16,327,458**	13,505,644
		238,390,840	188,197,503
Total liabilities		**323,770,212**	268,805,558
Total equity and liabilities		**421,654,940**	348,148,192
Net current assets		**105,609,824**	101,180,924
Total assets less current liabilities		**183,264,100**	159,950,689

The notes on pages 29 to 54 form an integral part of these interim consolidated financial information.

Director *Director*

Condensed Consolidated Statement of Comprehensive Income

	Note	Six months ended 30 June 2014 (Unaudited) RMB'000	2013 (Unaudited) RMB'000
Revenue	6	**63,336,747**	41,952,314
Cost of sales	23	**(45,242,114)**	(30,500,297)
Gross profit		**18,094,633**	11,452,017
Fair value gains on investment properties	7	**4,408,172**	2,890,742
Other income	22	**514,367**	424,537
Selling and marketing costs	23	**(3,539,235)**	(1,497,504)
Administrative expenses	23	**(1,939,506)**	(1,243,705)
Other operating expenses	23	**(758,098)**	(843,466)
Operating profit		**16,780,333**	11,182,621
Finance (costs)/income, net	24	**(224,984)**	118,285
Profit before income tax		**16,555,349**	11,300,906
Income tax expenses	25	**(7,060,480)**	(4,786,272)
Profit for the period		**9,494,869**	6,514,634
Other comprehensive income			
Item that may be reclassified to profit or loss			
Fair value change on available-for-sale financial assets, net of tax		**171,296**	—
Total comprehensive income for the period		**9,666,165**	6,514,634
Profit attributable to:			
Shareholders of the Company		**7,093,578**	6,237,273
Holders of perpetual capital instruments		**1,883,863**	—
Non-controlling interests		**517,428**	277,361
		9,494,869	6,514,634
Total comprehensive income attributable to:			
Shareholders of the Company		**7,264,874**	6,237,273
Holders of perpetual capital instruments		**1,883,863**	—
Non-controlling interests		**517,428**	277,361
		9,666,165	6,514,634
Earnings per share for profit attributable to shareholders of the Company for the period (expressed in RMB per share)			
— Basic earnings per share	26	**0.48**	0.39
— Diluted earnings per share	26	**0.47**	0.38
Dividends	27	**—**	—

The notes on pages 29 to 54 form an integral part of these interim consolidated financial information.

Condensed Consolidated Statement of Changes in Equity

	Attributable to shareholders of the Company							
	Share capital RMB'000	Share premium RMB'000	Reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Perpetual capital instruments RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Unaudited:								
Balance as at 1 January 2013	1,043,317	2,901,986	6,546,500	27,771,925	38,263,728	–	3,427,597	41,691,325
Total comprehensive income	–	–	–	6,237,273	6,237,273	–	277,361	6,514,634
Transactions with owners:								
Transfer to statutory reserves	–	–	1,363,400	(1,363,400)	–	–	–	–
Exercise of share options	2,427	108,450	(31,305)	–	79,572	–	–	79,572
Employee share option schemes	–	–	27,702	–	27,702	–	–	27,702
Issue of shares	62,897	3,463,259	–	–	3,526,156	–	–	3,526,156
Issue of perpetual capital instruments	–	–	–	–	–	6,013,800	–	6,013,800
Changes in ownership interests in subsidiaries without change of control	–	–	(225,352)	–	(225,352)	–	(49,548)	(274,900)
Capital injection from non-controlling interests	–	–	–	–	–	–	189,555	189,555
Acquisition of subsidiaries	–	–	–	–	–	–	233,558	233,558
Total transactions with owners	65,324	3,571,709	1,134,445	(1,363,400)	3,408,078	6,013,800	373,565	9,795,443
Balance as at 30 June 2013	1,108,641	6,473,695	7,680,945	32,645,798	47,909,079	6,013,800	4,078,523	58,001,402
Unaudited:								
Balance as at 1 January 2014	1,109,703	4,227,525	4,232,261	39,020,303	48,589,792	25,023,773	5,729,069	79,342,634
Comprehensive income								
Profit for the period	–	–	–	7,093,578	7,093,578	1,883,863	517,428	9,494,869
Other comprehensive income								
Fair value change on available-for-sale financial assets	–	–	171,296	–	171,296	–	–	171,296
Total comprehensive income	–	–	171,296	7,093,578	7,264,874	1,883,863	517,428	9,666,165
Transactions with owners:								
Transfer to statutory reserves	–	–	1,513,739	(1,513,739)	–	–	–	–
Exercise of share options (note 16(c))	18,349	840,236	(246,429)	–	612,156	–	–	612,156
Employee share option schemes (note 16(c))	–	–	24,940	–	24,940	–	–	24,940
Repurchase of shares (note 15)	(97,897)	(4,078,069)	97,897	(97,897)	(4,175,966)	–	–	(4,175,966)
Dividends (note 27)	–	(989,692)	–	(5,348,295)	(6,337,987)	–	–	(6,337,987)
Issue of perpetual capital instruments (note 17)	–	–	–	–	–	17,576,536	–	17,576,536
Changes in ownership interests in subsidiaries without change of control (note 31)	–	–	47,711	–	47,711	–	383,539	431,250
Capital injection from non-controlling interests	–	–	–	–	–	–	745,000	745,000
Total transactions with owners	(79,548)	(4,227,525)	1,437,858	(6,959,931)	(9,829,146)	17,576,536	1,128,539	8,875,929
Balance as at 30 June 2014	1,030,155	–	5,841,415	39,153,950	46,025,520	44,484,172	7,375,036	97,884,728

The notes on pages 29 to 54 form an integral part of these interim consolidated financial information.

Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2014 (Unaudited) RMB'000	2013 (Unaudited) RMB'000
Cash flows of operating activities		
Net cash used in operations	**(30,194,984)**	(1,550,167)
PRC corporate income tax paid	**(2,421,294)**	(1,892,788)
PRC land appreciation tax paid	**(1,480,210)**	(1,162,219)
Interest paid	**(5,791,327)**	(3,339,902)
Net cash used in operating activities	**(39,887,815)**	(7,945,076)
Cash flows of investing activities		
Addition of property, equipment and investment properties	**(10,305,142)**	(5,397,107)
Purchase of land use rights	**(289,142)**	(348,500)
Purchase of intangible assets	**(215,791)**	(119,458)
Purchase of available-for-sale financial assets	**(2,144,665)**	—
Proceeds from disposal of available-for-sale financial assets	**870,152**	—
Interest received	**128,082**	54,662
Proceeds from disposal of investment properties	**842,713**	932,184
Net cash used in investing activities	**(11,113,793)**	(4,878,219)
Cash flows of financing activities		
Proceeds from borrowings	**73,972,289**	28,021,545
Repayments of borrowings	**(25,721,813)**	(12,387,780)
Repayments of senior notes	**(5,550,000)**	—
Exercise of share options	**612,156**	79,572
Issuance of ordinary share	**—**	3,526,156
Advances (to)/from non-controlling interests	**(26,818)**	3,668,689
Proceeds from perpetual capital instruments	**17,576,536**	6,013,800
Repurchase of shares	**(4,175,966)**	—
Restricted cash pledged for bank borrowings	**(10,742,937)**	(796,411)
Contribution from non-controlling interests	**745,000**	189,555
Changes in ownership interests in subsidiaries without change of control	**431,250**	(274,900)
Net cash generated from financing activities	**47,119,697**	28,040,226
Net (decrease)/increase in cash and cash equivalents	**(3,881,911)**	15,216,931
Cash and cash equivalents at beginning of period	**40,118,454**	17,790,320
Exchange losses on cash and cash equivalents	**(6,527)**	(26,159)
Cash and cash equivalents at end of period	**36,230,016**	32,981,092

The notes on pages 29 to 54 form an integral part of these interim consolidated financial information.

Notes to the Condensed Consolidated Interim Financial Information

1 GENERAL INFORMATION

Evergrande Real Estate Group Limited (the "Company") was incorporated in the Cayman Islands on 26 June 2006 as an exempted company with limited liability under the Companies Law, Cap. 22 (2012 Revision as consolidated and revised from time to time) of the Cayman Islands and is engaged in investment holding. The Company and its subsidiaries (the "Group") are principally engaged in the property development, property investment, property management, property construction, hotel and other businesses in the People's Republic of China (the "PRC"). The address of its registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

On 5 November 2009, the Company listed its shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The condensed consolidated interim financial information is presented in thousands of Renminbi Yuan ("RMB"), unless otherwise stated. The condensed consolidated interim financial information has been approved for issue by the Board of Directors of the Company on 26 August 2014.

These condensed consolidated interim financial information has not been audited.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2014 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim financial reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2013, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2013, as described in those annual financial statements.

(i) New standards, amendments to standards and interpretations adopted by the Group as at 1 January 2014

The following new standards, amendments to standards and interpretations are mandatory for the Group's financial year beginning 1 January 2014. The adoption of these new standards, amendments to standards and interpretations does not have any significant impact to the results and financial position of the Group.

HKAS 32 (Amendment)	Financial instruments: Presentation
HKFRS 10, 12 and HKAS 27 (Amendment)	Consolidation for investment entities
HKAS 36 (Amendment)	Impairment of assets
HKAS 39 (Amendment)	Financial instruments: Recognition and Measurement — Novation of derivatives
HK(IFRIC) 21	Levies

There are no other amendments to standards and interpretations which will result in significant impact on the results and financial position of the Group.

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

4 ESTIMATES

The preparation of interim financial information 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 condensed consolidated interim financial information, the significant judgements 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 2013.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factor

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 condensed consolidated 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 2013.

There have been no changes in the risk management department or in any risk management policies since 2013 year end.

5.2 Liquidity risk

During the six months ended 30 June 2014, the Group's current borrowings increased by RMB40,022 million and non-current borrowings increased by RMB2,941 million, respectively.

5.3 Fair value estimation

The different levels of fair value estimation 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).

The available-for-sale financial assets are measured subsequent to initial recognition at fair value which are grouped into Level 1 fair value measurements.

The nominal value less impairment provisions of trade and other receivables and the nominal value of trade and other payables approximate their fair value due to their short maturities. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

6 SEGMENT INFORMATION

The chief operating decision-maker ("CODM") of the Group has been identified as the executive directors of the Company who are responsible for reviewing the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The Group is organised into four business segments: property development, property investment, property management and other businesses which mainly include property construction, hotel and other property development related services. As the CODM of the Group considers most of the revenue and results of the Group are attributable to the market in the PRC, and only an immaterial part (less than 10%) of the Group's assets are located outside the PRC, no geographical segment information is presented.

The directors of the Company assess the performance of the operating segments based on a measure of segment results. Finance costs or income are not included in the result for each operating segment.

Transactions between segments are carried out at agreed terms amongst relevant parties. The revenue from external parties reported to the management is measured in a manner consistent with that in the condensed consolidated statement of comprehensive income.

The segment results and other segment items included in the condensed consolidated statement of comprehensive income for the six months ended 30 June 2014 are as follows:

	Property development RMB'000	Property investment RMB'000	Property management services RMB'000	Other businesses RMB'000	Group RMB'000
Gross segment revenue	62,028,564	75,477	783,271	4,696,655	67,583,967
Inter-segment revenue	—	(14,471)	(318,238)	(3,914,511)	(4,247,220)
Revenue	62,028,564	61,006	465,033	782,144	63,336,747
Segment results	14,521,195	4,706,182	(234,676)	(2,028,356)	16,964,345
Dividend income of available-for-sale financial assets					211,889
Loss on disposal of available-for-sale financial assets					(395,901)
Finance costs, net					(224,984)
Profit before income tax					16,555,349
Income tax expenses					(7,060,480)
Profit for the period					9,494,869
Depreciation and amortisation	158,781	—	3,071	406,517	568,369
Fair value gains on investment properties	—	4,408,172	—	—	4,408,172

6 SEGMENT INFORMATION (Continued)

The segment results and other segment items included in the condensed consolidated statement of comprehensive income for the six months ended 30 June 2013 are as follows:

	Property development RMB'000	Property investment RMB'000	Property management services RMB'000	Other businesses RMB'000	Group RMB'000
Gross segment revenue	41,289,271	77,039	514,084	3,940,843	45,821,237
Inter-segment revenue	—	(6,929)	(239,685)	(3,622,309)	(3,868,923)
Revenue	41,289,271	70,110	274,399	318,534	41,952,314
Segment results	8,852,660	3,133,360	(144,095)	(659,304)	11,182,621
Finance income, net					118,285
Profit before income tax					11,300,906
Income tax expenses					(4,786,272)
Profit for the period					6,514,634
Depreciation and amortisation	90,485	—	2,637	355,384	448,506
Fair value gains on investment properties	—	2,890,742	—	—	2,890,742

Notes to the Condensed Consolidated Interim Financial Information (Continued)

6 SEGMENT INFORMATION (Continued)

Segment assets as at 30 June 2014 are as follows:

	Property development RMB'000	Property investment RMB'000	Property management services RMB'000	Other businesses RMB'000	Group RMB'000
Segment assets	**342,845,462**	**48,176,770**	**714,049**	**20,911,822**	**412,648,103**
Unallocated					**9,006,837**
Total assets					**421,654,940**

Segment assets as at 31 December 2013 are as follows:

	Property development RMB'000	Property investment RMB'000	Property management services RMB'000	Other businesses RMB'000	Group RMB'000
Segment assets	291,031,738	36,038,688	635,147	13,557,953	341,263,526
Unallocated					6,884,666
Total assets					348,148,192

There are no differences from the latest annual financial statement in the basis of segmentation or in the basis of measurement of segment profit or loss.

Segment assets consist primarily of property and equipment, investment properties, land use rights, properties under development, completed properties held for sale, receivables, prepayments and cash balances. They exclude deferred tax assets, income tax recoverable and available-for-sale financial assets.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

7 PROPERTY AND EQUIPMENT, LAND USE RIGHTS, INTANGIBLE ASSETS AND INVESTMENT PROPERTIES

	Property and equipment RMB'000	Land use rights RMB'000	Intangible assets RMB'000	Investment properties RMB'000
Six months ended 30 June 2013				
Opening net book amount as at 1 January 2013	8,559,167	2,347,117	446,989	24,941,627
Additions	1,520,105	348,500	119,458	3,877,002
Disposals	(13,105)	—	(2,050)	(746,907)
Fair value gains on investment properties	—	—	—	2,890,742
Depreciation and amortisation charge	(310,147)	(14,720)	(123,639)	—
Closing net book amount as at 30 June 2013	9,756,020	2,680,897	440,758	30,962,464
Six months ended 30 June 2014				
Opening net book amount as at 1 January 2014	**11,377,719**	**2,796,471**	**439,600**	**36,038,688**
Additions	**1,985,208**	**289,142**	**215,791**	**8,319,934**
Disposals	**(77,870)**	**—**	**(19,652)**	**(590,024)**
Fair value gains on investment properties	**—**	**—**	**—**	**4,408,172**
Depreciation and amortisation charge	**(458,181)**	**(22,294)**	**(87,894)**	**—**
Closing net book amount as at 30 June 2014	**12,826,876**	**3,063,319**	**547,845**	**48,176,770**

(a) The Group measures its investment properties at fair value. The fair value of the Group's investment properties as at 30 June 2014 has been determined on the basis of valuation carried out by CB Richard Ellis Limited ("CBRE"), an independent and professionally qualified valuer.

Valuation techniques

(i) direct comparison approach is adopted assuming sale of each of these properties in its existing state with the benefit of vacant possession. By making reference to sales transactions as available in the relevant market, comparable properties in close proximity have been selected and adjustments have been made to account for the difference in factors such as location and property size.

(ii) income approach takes into account the current rents of the property interests and the reversionary potentials of the tenancies, term yield and reversionary yield are then applied respectively to derive the market value of the property.

7 PROPERTY AND EQUIPMENT, LAND USE RIGHTS, INTANGIBLE ASSETS AND INVESTMENT PROPERTIES (Continued)

(iii) residual method of valuation which is commonly used in valuing development sites by establishing the market value of the properties on an "as-if" completed basis with appropriate deduction on construction costs, professional fees, contingency, marketing and legal cost, and interest payments to be incurred, anticipated developer's profits, as well as land acquisition costs, interest payment and profit on land.

There were no changes to the valuation techniques during the six months ended 30 June 2014.

The investment properties are included in level 3 as the quantitative information about fair value measurements are using below significant unobservable inputs.

- **Terminal yield, reversionary yield, expected vacancy rate, market rental and market price**

  For completed investment properties, increase in terminal yield, reversionary yield and expected vacancy rate may result in decrease of fair value. Increase in market rent and market price may result in increase of fair value.

- **Market price, budgeted construction costs to be incurred, estimated percentage to completion and developer's profit margin**

  For investment properties under construction, increase in market price may result in increase in fair value. Increase in budgeted construction costs to be incurred, estimated outstanding percentage to completion and developer's profit margin may result in decrease in fair value.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

8 PROPERTIES UNDER DEVELOPMENT

	30 June 2014 RMB'000	31 December 2013 RMB'000
Properties under development expected to be completed:		
— Within one operating cycle, included under current assets	**181,641,489**	160,543,684
— Beyond one operating cycle, included under non-current assets	**354,842**	354,842
	181,996,331	160,898,526
Properties under development comprise:		
— Construction costs and capitalised expenditures	**63,183,139**	65,921,473
— Interest capitalised	**15,086,139**	12,181,119
— Land use rights	**103,727,053**	82,795,934
	181,996,331	160,898,526

The properties under development include costs of acquiring rights to use certain lands, which are located in various areas of the PRC other than Hong Kong, for property development over fixed periods. Land use rights are held on leases of between 40 to 70 years.

The capitalisation rate of borrowings for the six months ended 30 June 2014 is 9.31% (for the six months ended 30 June 2013: 9.74%).

9 COMPLETED PROPERTIES HELD FOR SALE

All completed properties held for sale are located in the PRC.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

10 TRADE AND OTHER RECEIVABLES

	30 June 2014 RMB'000	31 December 2013 RMB'000
Trade receivables (note (a))	**11,812,358**	7,207,708
Other receivables	**8,558,188**	4,930,542
	20,370,546	12,138,250
Less: non-current portion	**(5,519,988)**	(2,626,439)
Trade receivables (note (a))	**(5,135,526)**	(2,255,742)
Other receivables	**(384,462)**	(370,697)
Current portion	**14,850,558**	9,511,811

As at 30 June 2014 and 31 December 2013, the fair value of trade and other receivables approximated their carrying amounts.

(a) Trade receivables mainly arose from sales of properties. Proceeds in respect of sales of properties are to be received in accordance with the terms of the related sales and purchase agreements.

The ageing analysis of trade receivables at respective balance sheet dates is as follows:

	30 June 2014 RMB'000	31 December 2013 RMB'000
Within 90 days	**5,142,618**	2,780,845
Over 90 days and within 180 days	**2,174,169**	2,496,617
Over 180 days and within 365 days	**2,798,279**	1,886,747
Over 365 days	**1,697,292**	43,499
	11,812,358	7,207,708

The maximum exposure to credit risk at each balance sheet date is the carrying value of each class of receivables set out above. The Group has retained the legal titles of the properties sold to these customers at each balance sheet date.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

11 PREPAYMENTS

	30 June 2014 RMB'000	31 December 2013 RMB'000
Prepaid business taxes and other taxes	1,434,513	1,462,913
Prepayments and advances to third parties	44,531,216	38,169,089
— for acquisition of land use rights	43,299,922	37,605,691
— others	1,231,294	563,398
	45,965,729	39,632,002

12 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Six months ended 30 June	
	2014 RMB'000	2013 RMB'000
Opening amount as at 1 January	3,845,234	—
Additions	2,144,665	—
Disposals	(924,173)	—
— Cost	(1,266,053)	—
— Fair value losses	341,880	—
Fair value losses recognized in equity	(113,485)	—
Closing amount as at 30 June	4,952,241	—

As at 30 June 2014, available-for-sale financial assets represented the Group's equity investments in a China A-share listed company and mutual funds.

There were no provisions on available-for-sale financial assets made during the six months ended 30 June 2014 (six months ended 30 June 2013: nil).

Notes to the Condensed Consolidated Interim Financial Information (Continued)

13 RESTRICTED CASH

	30 June 2014 RMB'000	31 December 2013 RMB'000
Guarantee deposit for construction of projects (note (a))	**6,013,259**	4,992,469
Guarantee deposit for bank acceptance notes and loans (note (b))	**18,206,487**	7,463,550
Guarantee deposit for land acquisitions	**2,792,073**	287,067
Others	**792,284**	791,899
	27,804,103	13,534,985

(a) In accordance with relevant documents issued by the PRC local State-Owned Land and Resource Bureau, certain property development companies of the Group are required to place the proceeds received from pre-sale of properties as guarantee deposits for construction of properties. The deposits can only be used to pay for construction fees and purchase of construction materials of the relevant projects when approvals are obtained from the PRC local State-Owned Land and Resource Bureau. The restriction will be released upon the construction is completed or real estate ownership certificate of the pre-sold properties is issued, whichever is earlier.

(b) The Group placed certain cash deposits with designated banks as security for bank acceptance notes and bank loans.

The restricted cash is denominated in the following currencies:

	30 June 2014 RMB'000	31 December 2013 RMB'000
— Denominated in RMB	**27,753,439**	8,613,242
— Denominated in other currencies	**50,664**	4,921,743
	27,804,103	13,534,985

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

Restricted cash earns interest at floating daily bank deposit rates.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

14 CASH AND CASH EQUIVALENTS

	30 June 2014 RMB'000	31 December 2013 RMB'000
Cash at bank and in hand:		
— Denominated in RMB	**29,241,009**	36,011,489
— Denominated in other currencies	**6,989,007**	4,106,965
	36,230,016	40,118,454

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

Cash at banks earns interest at floating daily bank deposit rates.

15 SHARE CAPITAL AND PREMIUM

	Number of ordinary shares (Thousands)	Nominal value of ordinary shares US$'000	Equivalent nominal value of ordinary share RMB'000	Share premium RMB'000	Total RMB'000
Six months ended 30 June 2013					
Balance as at 1 January 2013	14,990,682	149,907	1,043,317	2,901,986	3,945,303
Issue of shares pursuant to the option scheme	38,629	386	2,427	108,450	110,877
Issue of shares	1,000,000	10,000	62,897	3,463,259	3,526,156
Balance as at 30 June 2013	16,029,311	160,293	1,108,641	6,473,695	7,582,336
Six months ended 30 June 2014					
Balance as at 1 January 2014	**16,046,559**	**160,466**	**1,109,703**	**4,227,525**	**5,337,228**
Issue of shares pursuant to the option scheme	**298,579**	**2,985**	**18,349**	**840,236**	**858,585**
Repurchase of shares (note (a))	**(1,602,846)**	**(16,028)**	**(97,897)**	**(4,078,069)**	**(4,175,966)**
Dividends (note 27)	**—**	**—**	**—**	**(989,692)**	**(989,692)**
Balance as at 30 June 2014	**14,742,292**	**147,423**	**1,030,155**	**—**	**1,030,155**

(a) During the period, the Company repurchased an aggregate of 1,602,846,000 of its own shares through the Stock Exchange, at a consideration of HK$5,305,348,000 (including transaction costs, equivalent to approximately RMB4,175,966,000). The shares were cancelled after the repurchase.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

16 RESERVES

	Merger reserve RMB'000 (note (a))	Other reserves RMB'000	Statutory reserves RMB'000 (note (b))	Employee share option reserve RMB'000 (note (c))	Capital redemption reserve RMB'000	Total RMB'000
Six months ended 30 June 2013						
Balance at 1 January 2013	(986,474)	4,435,814	2,558,490	531,515	7,155	6,546,500
Retained earnings appropriated to statutory reserves	—	—	1,363,400	—	—	1,363,400
Changes in ownership interests in subsidiaries without change of control	—	(225,352)	—	—	—	(225,352)
Employee share option scheme (note (c))	—	—	—	27,702	—	27,702
Exercise of share options	—	—	—	(31,305)	—	(31,305)
Balance at 30 June 2013	(986,474)	4,210,462	3,921,890	527,912	7,155	7,680,945
Six months ended 30 June 2014						
Balance at 1 January 2014	**(986,474)**	**748,049**	**3,921,890**	**541,641**	**7,155**	**4,232,261**
Retained earnings appropriated to statutory reserves	**—**	**—**	**1,513,739**	**—**	**—**	**1,513,739**
Changes in ownership interests in subsidiaries without change of control (note 31)	**—**	**47,711**	**—**	**—**	**—**	**47,711**
Employee share option scheme (note (c))	**—**	**—**	**—**	**24,940**	**—**	**24,940**
Exercise of share options	**—**	**—**	**—**	**(246,429)**	**—**	**(246,429)**
Fair value change on available-for-sale financial assets, net of tax	**—**	**171,296**	**—**	**—**	**—**	**171,296**
Repurchase of shares (note 15)	**—**	**—**	**—**	**—**	**97,897**	**97,897**
Balance at 30 June 2014	**(986,474)**	**967,056**	**5,435,629**	**320,152**	**105,052**	**5,841,415**

16 RESERVES (continued)

(a) Merger reserve

The merger reserve represents the aggregate nominal value of the share capital/paid-in capital of the subsidiaries acquired by the Company less considerations paid and payable to the then shareholders of the Group during the group reorganisation undertaken in 2006 for preparing listing of the Company on the Stock Exchange.

(b) Statutory reserves

In accordance with the relevant rules and regulations in the PRC and the provision of the articles of association of the group entities established in the PRC, these group entities were required to appropriate 10% of the profit for the year after setting off the accumulated losses brought forward (based on the figures reported in the statutory financial statements) to the statutory surplus reserve.

The statutory surplus reserve can only be used to make good of losses of previous years or to increase the capital of respective companies upon the approval of relevant authority.

(c) Employee share option reserve

Share options are granted to directors and other selected employees. Options are conditional on the employee completing service for certain periods (the vesting period). The Group has no legal or constructive obligation to repurchase or settle the options in cash.

On 14 October 2009, 208,000,000 share options (the "Pre-IPO Options") were granted to directors and employees with an exercise price of HK$3.5 per share. All the options, if vested, will be exercisable before 5 November 2015.

On 18 May 2010, 713,000,000 share options (the "2010 Options") were granted to directors and employees with an exercise price of HK$2.4 per share. All the options granted will be exercisable within 5 years after vesting.

Movements of share options are as follows:

	Number of share options
Six months ended 30 June 2013	
Balance at 1 January 2013	746,492,000
Exercised during the period	(38,629,000)
Lapsed during the period	(600,000)
Balance at 30 June 2013	707,263,000
Six months ended 30 June 2014	
Balance at 1 January 2014	**678,065,000**
Exercised during the period	**(298,579,000)**
Lapsed during the period	**(2,600,000)**
Balance at 30 June 2014	**376,886,000**

16 RESERVES (Continued)

(c) Employee share option reserve (Continued)

Particulars of share options as at 30 June 2014 and 31 December 2013 are as follows:

				Number of outstanding shares	
Date of grant	**Vesting period**	**Exercise period**	**Exercise price**	**30 June 2014**	**31 December 2013**
Pre-IPO Options:					
14 October 2009	1 year	5 November 2010 — 5 November 2015	HK$3.5	–	33,269,000
14 October 2009	2 years	5 November 2011 — 5 November 2015	HK$3.5	39,779,000	57,140,000
14 October 2009	3 years	5 November 2012 — 5 November 2015	HK$3.5	77,520,000	77,520,000
2010 Options:					
18 May 2010	7 Months	31 December 2010 — 31 December 2015	HK$2.4	–	–
18 May 2010	19 Months	31 December 2011 — 31 December 2016	HK$2.4	40,694,000	127,534,000
18 May 2010	31 Months	31 December 2012 — 31 December 2017	HK$2.4	47,750,000	127,534,000
18 May 2010	43 Months	31 December 2013 — 31 December 2018	HK$2.4	53,143,000	127,534,000
18 May 2010	55 Months	31 December 2014 — 13 October 2019	HK$2.4	118,000,000	127,534,000
				376,886,000	678,065,000

The weighted average fair value of both options granted was determined by reference to valuation prepared by an independent valuer, Real Actuarial Consulting Limited, using the Binomial Model. The significant inputs into the model were share price at the date of grant, annual risk free rate, expected volatility, life of the option and expected dividend yield, which are based on the best estimate of the Company's directors. The value of an option varies with different variables of certain subjective assumption.

17 PERPETUAL CAPITAL INSTRUMENTS

During the period, certain wholly owned subsidiaries of the Company issued subordinated perpetual capital instruments (the "Perpetual Capital Instruments") with the aggregate principal amount of RMB17,592,536,000. Net proceeds after deducting the issuance cost amounted to RMB17,576,536,000.

The Perpetual Capital Instruments are jointly guaranteed by the Company and certain subsidiaries, secured by pledges of the shares of the subsidiaries, do not have maturity date and the distribution payments can be deferred at the discretion of the issuers of the Perpetual Capital Instruments. The Perpetual Capital Instruments are classified as equity instruments and recorded in equity in the consolidated balance sheet.

18 BORROWINGS

	30 June 2014 RMB'000	31 December 2013 RMB'000
Borrowings included in non-current liabilities:		
Bank borrowings — secured (note (e))	**47,857,732**	43,195,988
Senior notes	**21,078,038**	26,422,061
— Senior notes issued in 2010 ("2010 Senior Notes") (note (a))	**8,271,705**	8,168,593
— Senior notes issued in 2011 ("2011 Senior Notes") (note (b))	**3,668,188**	9,206,870
— Senior notes issued in 2013 ("2013 Senior Notes") (note (c))	**9,138,145**	9,046,598
Other borrowings — secured (note (d))	**45,476,693**	26,510,092
	114,412,463	96,128,141
Less: current portion of non-current borrowings	**(38,450,000)**	(23,106,868)
	75,962,463	73,021,273
Borrowings included in current liabilities:		
Bank borrowings — secured (note (e))	**21,316,960**	6,404,361
Current portion of non-current borrowings	**38,450,000**	23,106,868
Other borrowings — secured (note (d))	**16,051,306**	6,284,836
	75,818,266	35,796,065
Total borrowings	**151,780,729**	108,817,338
The total borrowings are denominated in the following currencies:		
RMB	**119,442,056**	86,863,306
US dollar	**24,925,048**	21,954,032
HK dollar	**7,413,625**	—
	151,780,729	108,817,338

18 BORROWINGS (Continued)

(a) 2010 Senior Notes

On 27 January 2010, the Company issued 13%, five-year senior notes with an aggregated principal amount of US$750,000,000 (equivalent to approximately RMB5,120,400,000) at 100% of the face value. On 13 April 2010, the Company further issued additional senior notes in the same terms with an aggregated principal amount of US$600,000,000 (equivalent to approximately RMB4,095,600,000) at 100% of the face value.

(b) 2011 Senior Notes

On 13 January 2011, the Company issued 7.50%, three-year senior notes with an aggregated principal amount of RMB5,550,000,000 and 9.25%, five-year senior notes with an aggregated principal amount of RMB3,700,000,000 at 100% of the face value. On 17 January 2014, the Company repaid the senior notes with an aggregated principal amount of RMB5,550,000,000.

(c) 2013 Senior Notes

On 31 October 2013, the Company issued 8.75%, five-year senior notes with an aggregated principal amount of US$1,000,000,000 (equivalent to approximately RMB6,141,200,000) at 100% of the face value. On 13 November 2013, the Company further issued additional senior notes in the same terms with an aggregated principal amount of US$500,000,000 (equivalent to approximately RMB3,070,600,000) at 100% of the face value.

The above senior notes are jointly guaranteed by certain subsidiaries and secured by pledges of the shares of the subsidiaries.

(d) Other borrowings

Certain group companies in the PRC which are engaged in development of real estate projects have entered into fund arrangements with certain financial institutions (the "Trustees"), pursuant to which Trustees raised trust funds and injected the funds to the group companies. The funds bear interest at fixed rates, have fixed repayment terms, and are secured by certain properties under development of the group companies or the shares of other group companies.

(e) Bank borrowings

The bank borrowings were secured by certain of its property and equipment, land use rights, investment properties, properties under development, completed properties held for sale and cash in bank.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

18 BORROWINGS (Continued)

Movements of borrowings are analysed as follows:

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Opening amount as at 1 January	**108,817,338**	60,273,855
Additions of borrowings	**73,972,289**	28,021,545
Repayments of borrowings	**(31,271,813)**	(12,387,780)
Amortisation of issuance costs	**50,242**	55,268
Exchange losses/(gains)	**212,673**	(144,181)
Closing amount as at 30 June	**151,780,729**	75,818,707

19 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The net movements of deferred taxation are as follows:

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Opening balance at 1 January	**5,425,535**	3,899,979
Charged to profit or loss	**430,703**	879,789
Charged to other comprehensive income	**57,099**	—
Closing balance at 30 June	**5,913,337**	4,779,768

Notes to the Condensed Consolidated Interim Financial Information (Continued)

20 TRADE AND OTHER PAYABLES

	30 June 2014 RMB'000	31 December 2013 RMB'000
Trade payables	**75,207,634**	65,836,287
Other payables	**32,224,490**	32,605,660
Dividends payables	**6,337,987**	—
Accrued expenses	**1,860,152**	1,586,543
Other taxes payable	**994,665**	737,393
	116,624,928	100,765,883
Less: non-current portion of other payables	**(1,291,177)**	(870,475)
	115,333,751	99,895,408

The ageing analysis of trade payables of the Group is as follows:

	30 June 2014 RMB'000	31 December 2013 RMB'000
Within one year	**66,797,859**	58,571,367
Over one year	**8,409,775**	7,264,920
	75,207,634	65,836,287

21 CURRENT INCOME TAX LIABILITIES

The current income tax liabilities are analysed as follows:

	30 June 2014 RMB'000	31 December 2013 RMB'000
Income tax payables		
— PRC corporate income tax	**5,912,636**	4,476,314
— PRC land appreciation tax	**10,414,822**	9,029,330
	16,327,458	13,505,644

Notes to the Condensed Consolidated Interim Financial Information (Continued)

22 OTHER INCOME

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Interest income from bank deposits	**128,082**	54,662
Forfeited customer deposits	**17,028**	17,081
Advertising income (note (a))	**215,168**	161,056
Gain on disposal of investment properties	**252,689**	185,277
Dividend income of available-for-sale financial assets	**211,889**	—
Loss on disposal of available-for-sale financial assets	**(395,901)**	—
Others	**85,412**	6,461
	514,367	424,537

(a) Amount represented advertising income generated from operation of football club.

23 EXPENSES BY NATURE

Major expenses included in cost of sales, selling and marketing costs, administrative expenses and other operating expenses are analysed as follows:

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Cost of properties sold	**40,727,379**	26,474,339
Business tax and other levies (note (a))	**3,609,678**	2,378,152
Staff costs — including directors' emoluments	**3,598,317**	2,509,080
Advertising costs	**2,007,028**	757,995
Sales commissions	**306,747**	219,685
Consultancy fee (note (b))	**106,337**	65,926
Depreciation	**458,181**	310,147
Amortisation	**110,188**	138,359
Operating lease expenses	**103,346**	103,523
Donations to governmental charity	**45,744**	123,802

Notes to the Condensed Consolidated Interim Financial Information (Continued)

23 EXPENSES BY NATURE (Continued)

(a) Business tax

The group entities with business operation in the PRC are subject to business taxes on their revenue at the following rates:

Category	Rate
Sales of properties	5%
Property construction and decoration	3%
Property management	5%
Hotel operations	5%
Advertising revenue	5%

(b) Consultancy fee

The consultancy fee for the six months ended 30 June 2014 and 2013 are mainly related to market promotion, planning and consultancy services provided by real estate consulting firms and commercial banks.

24 FINANCE (COSTS)/INCOME, NET

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Exchange (losses)/gains	**(215,030)**	137,439
Interest expense from borrowings	**(5,685,676)**	(3,391,064)
Less: interest capitalised	**5,675,722**	3,371,910
	(224,984)	118,285

Notes to the Condensed Consolidated Interim Financial Information (Continued)

25 INCOME TAX EXPENSES

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Current income tax		
— Hong Kong profits tax	**—**	—
— PRC corporate income tax	**4,102,364**	2,228,695
— PRC land appreciation tax	**2,527,413**	1,677,788
Deferred income tax		
— PRC corporate income tax	**29,937**	465,249
— PRC land appreciation tax	**400,766**	414,540
	7,060,480	4,786,272

The weighted average applicable tax rate for the six months ended 30 June 2014 and 2013 is 25%.

Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (2012 Revision as consolidated and revised from time to time) the Cayman Islands and accordingly, is exempted from Cayman Islands income tax. The group companies in the British Virgin Islands were incorporated under the International Business Companies Act of the British Virgin Islands and accordingly, are exempted from British Virgin Islands income tax.

Hong Kong profits tax

No Hong Kong profits tax has been provided for as there was no business operation in Hong Kong that were subject to Hong Kong profits tax during the six months ended 30 June 2014 (six months ended 30 June 2013: nil).

PRC corporate income tax

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate of 25% (six months ended 30 June 2013: 25%) on the estimated assessable profits for the period, based on the existing legislation, interpretations and practices in respect thereof.

PRC withholding income tax

According to the new Enterprise Income Tax Law of the PRC, starting from 1 January 2008, a withholding tax of 10% will be levied on the overseas holding companies when their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong and fulfill the requirement of the tax treaty arrangements between the PRC and Hong Kong.

25 INCOME TAX EXPENSES (Continued)

PRC land appreciation tax

PRC land appreciation tax is levied at progressive rate ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including land use rights and all property development expenditures.

26 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profits attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares consist of share options.

27 DIVIDENDS

The board of Directors of the Company resolved not to declare any dividend in respect of the six months ended 30 June 2014 (six months ended 30 June 2013: nil).

A final dividend in respect of the year ended 31 December 2013 of RMB0.43 per share totalling RMB6,337,987,000 has been approved by the Shareholders at the Annual General Meeting of the Company on 16 June 2014. This final dividend has been recognised as a liability in this interim financial information.

28 FINANCIAL GUARANTEES

	30 June 2014 RMB'000	31 December 2013 RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the Group's property units	**89,707,357**	75,309,953

28 FINANCIAL GUARANTEES (Continued)

The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties.

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. The Group's guarantee period starts from the dates of grant of the mortgages. The directors consider that the likelihood of default in payments by purchasers is minimal and therefore the financial guarantees measured at fair value is immaterial.

29 COMMITMENTS

(a) Operating leases commitments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	30 June 2014 RMB'000	31 December 2013 RMB'000
Property and equipment:		
Not later than one year	**211,193**	195,246
Later than one year and not later than five years	**239,400**	202,345
Later than five years	**4,198**	23,045
	454,791	420,636

(b) Commitments for property development expenditure

	30 June 2014 RMB'000	31 December 2013 RMB'000
Contracted but not provided for		
— Property development activities	**66,116,395**	67,264,984
— Acquisition of land use rights	**30,974,300**	45,592,059
	97,090,695	112,857,043

Notes to the Condensed Consolidated Interim Financial Information (Continued)

30 RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

Name	Relationship
許家印博士 Dr. Hui Ka Yan	The ultimate controlling shareholder and also the director of the Company

(b) Key management compensation

Key management includes directors and heads of major operational departments. The compensation paid or payable to key management for employee services is shown below:

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Salaries and other employee benefits	**72,805**	46,661
Retirement scheme contributions	**418**	406
	73,223	47,067

31 CHANGE IN OWNERSHIP INTERESTS IN SUBSIDIARIES WITHOUT CHANGE OF CONTROL

(a) Acquisition of additional interest in subsidiaries

During the six months ended 30 June 2014, the Group acquired certain equity interests of certain subsidiaries from non-controlling shareholders at a total consideration of RMB18,750,000. The difference between consideration paid and the carrying amount of equity interests acquired, which amounting to RMB111,000, was recognised as an increase in equity attributable to owners of the Company.

(b) Disposal of interest in a subsidiary without loss of control

On 10 April 2014, the Company disposed of 30% of interest in Hengda (Taiyuan) Real Estate Group Company Limited to a non-controlling minority shareholder at a consideration of RMB450,000,000. The excess of consideration received and the carrying amount of equity interests disposal, which amounting to RMB47,600,000, was recognised as an increase in equity attributable to owners of the Company.