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中國恒大集團
CHINA EVERGRANDE GROUP

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(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3333)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

FINANCIAL HIGHLIGHTS

1. Revenue was RMB226.98 billion for the six months ended 30 June 2019 (the Reporting Period).

2. Gross profit was RMB77.26 billion for the Reporting Period. Gross profit margin was 34.0%.

3. Net profit was RMB27.06 billion for the Reporting Period. Net profit margin was 11.9%.

4. Core business profit[1] was RMB30.35 billion for the Reporting Period. Core business profit margin was 13.4%.

5. Profit attributable to shareholders was RMB14.92 billion for the Reporting Period.

6. Contracted sales during the Reporting Period amounted to RMB281.81 billion. The gross floor area of contracted sales was 26.20 million square meters. The average price of contracted sales was RMB10,756 per square meter.

[1] Core business profit represents net profit excluding fair value gains on investment properties, exchange gains or losses, fair value gains or losses on financial instruments, gains or losses on disposal of financial instruments, donations and certain non-property development businesses losses.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Six months ended 30 June **2019** **(Unaudited)** ***RMB million***	2018 (Unaudited) *RMB million*
Revenue	*5*	**226,976**	300,348
Cost of sales	*6*	**(149,720)**	(191,489)
Gross profit		**77,256**	108,859
Fair value gains on investment properties	*5*	**1,004**	1,347
Other income	*7*	**3,408**	4,395
Other (losses)/gains, net	*9*	**(399)**	2,471
Selling and marketing costs		**(10,145)**	(9,334)
Administrative expenses		**(8,907)**	(6,458)
Impairment losses on financial assets		**(23)**	(135)
Other operating expenses		**(1,574)**	(3,562)
Operating profit		**60,620**	97,583
Share of (losses)/profit of investments accounted for using the equity method	*5*	**(297)**	1,051
Fair value losses on financial assets at fair value through profit or loss	*10*	**(557)**	(428)
Fair value gains on derivative financial liabilities	*5*	**145**	1,203
Finance costs, net	*8*	**(8,955)**	(6,219)
Profit before income tax		**50,956**	93,190
Income tax expenses	*11*	**(23,899)**	(40,164)
Profit for the period		**27,057**	53,026

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

	Note	Six months ended 30 June **2019** **(Unaudited)** ***RMB million***	2018 (Unaudited) *RMB million*
Other comprehensive income			
(Item that may be reclassified to profit or loss)			
Share of other comprehensive income of investments accounted for using the equity method		**(71)**	78
Currency translation differences		**33**	184
(Item that may not be reclassified to profit or loss)			
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax		**78**	(354)
Other comprehensive losses for the period, net of tax		**40**	(92)
Total comprehensive income for the period		**27,097**	52,934
Profit attributable to:			
Shareholders of the Company		**14,915**	30,805
Non-controlling interests		**12,142**	22,221
		27,057	53,026
Total comprehensive income attributable to:			
Shareholders of the Company		**14,945**	30,777
Non-controlling interests		**12,152**	22,157
		27,097	52,934
Earnings per share for profit attributable to shareholders of the Company for the period (expressed in RMB per share)			
— Basic earnings per share	*12*	**1.136**	2.338
— Diluted earnings per share	*12*	**1.125**	2.202
Dividends	*13*	**—**	14,732

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	**30 June 2019 (Unaudited)** *RMB million*	31 December 2018 (Audited) *RMB million*
ASSETS			
Non-current assets			
Property, plant and equipment		**52,109**	40,794
Right-of-use assets		**11,966**	—
Land use rights		**—**	9,466
Investment properties		**161,602**	162,322
Goodwill		**7,771**	1,595
Intangible assets		**7,293**	424
Trade and other receivables	*14*	**8,925**	6,029
Prepayments	*15*	**1,943**	1,677
Investments accounted for using the equity method	*5*	**68,267**	67,046
Financial assets at fair value through other comprehensive income		**1,675**	1,570
Financial assets at fair value through profit or loss		**8,596**	8,965
Deferred income tax assets		**4,576**	4,389
		334,723	304,277
Current assets			
Inventories		**565**	—
Properties under development		**1,054,522**	971,802
Completed properties held for sale		**130,273**	121,971
Trade and other receivables	*14*	**137,668**	123,141
Contract acquisition costs		**2,993**	3,587
Prepayments	*15*	**137,785**	138,752
Income tax recoverable		**11,475**	11,116
Financial assets at fair value through profit or loss	*10*	**518**	1,173
Restricted cash		**81,185**	74,845
Cash and cash equivalents		**206,833**	129,364
		1,763,817	1,575,751
Total assets		**2,098,540**	1,880,028

CONDENSED CONSOLIDATED BALANCE SHEET (Continued)

	Note	**30 June 2019 (Unaudited)** *RMB million*	31 December 2018 (Audited) *RMB million*
EQUITY			
Equity attributable to shareholders of the Company			
Share capital and premium		**1,238**	1,205
Other reserves		**66,637**	65,998
Retained earnings		**78,293**	65,792
		146,168	132,995
Non-controlling interests		**199,125**	175,631
Total equity		**345,293**	308,626
LIABILITIES			
Non-current liabilities			
Borrowings		**437,326**	354,857
Lease liabilities		**883**	—
Derivative financial liabilities		**5,502**	5,647
Other payables	*16*	**3,681**	1,543
Deferred income tax liabilities		**49,180**	49,899
		496,572	411,946
Current liabilities			
Borrowings		**375,845**	318,285
Lease liabilities		**797**	—
Trade and other payables	*16*	**641,146**	554,313
Contract liabilities		**120,534**	185,586
Current income tax liabilities		**118,353**	101,272
		1,256,675	1,159,456
Total liabilities		**1,753,247**	1,571,402
Total equity and liabilities		**2,098,540**	1,880,028

Notes:

1. GENERAL INFORMATION

China Evergrande Group (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 (2009 Revision as consolidated and revised from time to time) of the Cayman Islands. The Company is engaged in investment holding. The Company and its subsidiaries (the "Group") are principally engaged in the property development, property investment, property management, new energy vehicle business, hotel operations, finance business, internet business and health industry business 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, the Cayman Islands.

The Company had its listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 5 November 2009.

The condensed consolidated interim financial information is presented in millions 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 28 August 2019.

This 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 2019 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 2018, 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 2018, as described in those annual financial statements.

(i) New standards and amendments to standards adopted by the Group as at 1 January 2019

The following amendments to standards are mandatory for the Group's financial year beginning on 1 January 2019 for the Group:

HKFRS 16	Leases
HKAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement
HKAS 28 (Amendments)	Long-term Interests in an Associate or Joint Venture
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation
Annual Improvements to 2015–2017 Cycle	Improvements to HKFRS
HK (IFRIC) 23	Uncertainty over Income Tax Treatments

Save for the impact of adoption of HKFRS 16 disclosed in note 4, the adoption of other new and amended standards does not have any significant impact to the results and financial position of the Group.

(ii) New standards and amendments to standards that have been issued but are not effective

HKAS 1 and HKAS 8 (Amendment)	Definition of material[1]
HKFRS 3 (Amendment)	Definition of a business[1]
HKFRS 17	Insurance Contracts[2]
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture[3]

1 Effective for periods beginning on or after 1 January 2020.
2 Effective for periods beginning on or after 1 January 2021.
3 Effective date is to be determined by the International Accounting Standard Board.

The Group has already commenced an assessment of the impact of these new or revised standards and amendments, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the Group, no significant impact on the financial performance and position of the Group is expected when they become effective.

(iii) Accounting policy adopted for the new energy vehicle business

(a) *Intangible assets*

Separately acquired intangible assets are shown at historical cost. Intangible assets acquired in a business combination are recognised at fair value at the acquisition date. Intangible assets have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of intangible assets over their estimated useful lives of 10 years.

- *Patent, proprietary technology and franchise right*

  Purchased patents, proprietary technology and franchise right are initially recorded at actual cost and are amortised on a straight-line basis over their useful lives of 5 to 18 years.

- *Research and development costs*

  Research costs are expensed as incurred. An intangible asset arising from development expenditure on the Group's proprietary brands project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditure during the development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

  The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, or more frequently when an indication of impairment arises during a financial period.

(b) *Government grants*

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants are deducted in reporting the related expenses, when appropriate.

Government grants relating to property, plant and equipment and intangible assets are charged against carrying amount of related assets or recognised as deferred income. If it is recognised as deferred income, it will credit to the relevant assets when it is ready for use and included in profit or loss over the useful life of related assets.

4. CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of HKFRS 16 Leases on the Group's financial statements and discloses the new accounting policies that have been applied from 1 January 2019 in note 4(b) below.

The Group has adopted HKFRS 16 from its mandatory adoption date of 1 January 2019. The Group has applied the simplified transition approach and has not restated comparative amounts for the reporting period of 2018. Right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses). The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

(a) Adjustments recognised on adoption of HKFRS 16

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019.

	2019 ***RMB million***
Operating lease commitments disclosed as at 31 December 2018	**2,391**
Discounted using the lessee's incremental borrowing rate of at the date of initial application	**2,272**
(Less): short-term leases and low-value leases recognised on a straight-line basis as expense	**(461)**
Lease liability recognised as at 1 January 2019	**1,811**
Of which are:	
Current lease liabilities	**712**
Non-current lease liabilities	**1,099**
	1,811

Under the simplified transition approach, the associated right-of-use assets were measured at the amount equal to the lease liabilities on adoption, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The land used rights are reclassified to right-of-use assets as of 1 January 2019.

The recognised right-of-use assets mainly relate to properties and land use rights.

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

At 1 January 2019	**Land used rights**	**Right-of-use assets**	**Lease liabilities**
	RMB million	*RMB million*	*RMB million*
Opening balance	9,466	—	—
Reclassify from land use rights to right-of-use assets	(9,466)	9,466	—
Recognised lease liabilities and right-of-use assets	—	1,811	1,811
Opening balance — HKFRS 16	—	11,277	1,811

No significant impact on the Group's net profit after tax for the six months ending 30 June 2019 as a result of adoption of HKFRS 16.

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HKFRIC 4 Determining whether an Arrangement contains a Lease.

(b) The Group's leasing activities and how these are accounted for

The Group mainly leases various offices for both short-term and long-term contracts. Rental contracts are typically made for fixed periods of 1 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of properties were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets consist of properties and land use rights.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

5. 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. Other businesses mainly include new energy vehicle business, hotel operations, finance business, internet business, health industry business and investment business. 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. Fair value loss on financial assets at fair value through profit or loss ("FVPL"), fair value gain on derivative financial liabilities, gain on disposal of financial assets at fair value through other comprehensive income ("FVOCI") and finance cost and 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 2019 are as follows:

	Property development *RMB million*	**Property investment** *RMB million*	**Property management services** *RMB million*	**Other businesses** *RMB million*	**Group** *RMB million*
Gross segment revenue	**221,138**	**1,012**	**3,274**	**14,925**	**240,349**
Inter-segment revenue	**—**	**(191)**	**(952)**	**(12,230)**	**(13,373)**
Revenue	**221,138**	**821**	**2,322**	**2,695**	**226,976**
Revenue from contracts with customers					
— Recognised at a point in time	**221,138**	**—**	**—**	**1,211**	**222,349**
— Recognised over time	**—**	**—**	**2,322**	**1,484**	**3,806**
Revenue from other sources: rental income	**—**	**821**	**—**	**—**	**821**
Share of post-tax profit of associates	**71**	**—**	**—**	**519**	**590**
Share of post-tax losses of joint ventures	**(224)**	**—**	**—**	**(663)**	**(887)**
Segment results	**60,128**	**1,813**	**364**	**(1,982)**	**60,323**
Loss on FVPL					**(557)**
Gain on derivative financial liabilities					**145**
Finance costs, net					**(8,955)**
Profit before income tax					**50,956**
Income tax expenses					**(23,899)**
Profit for the period					**27,057**
Depreciation and amortisation	**985**	**—**	**8**	**915**	**1,908**
Fair value gains on investment properties	**—**	**1,004**	**—**	**—**	**1,004**

The segment results and other segment items included in the condensed consolidated statement of comprehensive income for the six months ended 30 June 2018 are as follows:

	Property development *RMB million*	Property investment *RMB million*	Property management services *RMB million*	Other businesses *RMB million*	Group *RMB million*
Gross segment revenue	294,760	603	2,514	15,466	313,343
Inter-segment revenue	—	(138)	(644)	(12,213)	(12,995)
Revenue	294,760	465	1,870	3,253	300,348
Revenue from contracts with customers					
— Recognised at a point in time	294,760	—	—	1,907	296,667
— Recognised over time	—	—	1,870	1,346	3,216
Revenue from other sources: rental income	—	465	—	—	465
Share of post-tax profit of associates	77	—	—	554	631
Share of post-tax (losses)/profit of joint ventures	(204)	—	—	624	420
Segment results	94,822	1,699	372	1,722	98,615
Loss on FVPL					(428)
Gain on derivative financial liabilities					1,203
Gain on disposal of FVOCI					19
Finance costs, net					(6,219)
Profit before income tax					93,190
Income tax expenses					(40,164)
Profit for the period					53,026
Depreciation and amortisation	557	—	7	683	1,247
Fair value gains on investment properties	—	1,347	—	—	1,347

Segment assets as at 30 June 2019 are as follows:

	Property development *RMB million*	**Property investment** *RMB million*	**Property management services** *RMB million*	**Other businesses** *RMB million*	**Group** *RMB million*
Segment assets	**1,766,705**	**161,602**	**2,840**	**140,553**	**2,071,700**
Unallocated assets					**26,840**
Total assets					**2,098,540**

Segment assets include:

Interest in associates	**2,331**	**—**	**—**	**29,833**	**32,164**
Interest in joint ventures	**14,080**	**—**	**—**	**22,023**	**36,103**

Segment assets as at 31 December 2018 are as follows:

	Property development *RMB million*	Property investment *RMB million*	Property management services *RMB million*	Other businesses *RMB million*	Group *RMB million*
Segment assets	1,602,712	162,322	2,868	84,913	1,852,815
Unallocated assets					27,213
Total assets					1,880,028

Segment assets include:

Interest in associates	2,256	—	—	29,447	31,703
Interest in joint ventures	14,816	—	—	20,527	35,343

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

Segment assets consist primarily of property, plant and equipment, right-of-use assets, land use rights, investment properties, goodwill, intangible assets, investments accounted for using equity method, inventories, properties under development, completed properties held for sale, trade and other receivables, contract acquisition costs, prepayments and cash balances. They exclude deferred income tax assets, income tax recoverable, FVOCI, and FVPL.

6. 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	
	2019	2018
	RMB million	*RMB million*
Cost of properties sold	**143,299**	186,470
Employee benefit expenses	**8,122**	7,675
Employee benefit expenditure — including directors' emoluments	**11,508**	11,430
Less: capitalised in properties under development, investment properties under construction and construction in progress	**(3,386)**	(3,755)
Tax and other levies	**1,373**	1,737
Advertising and promotion expenses	**4,134**	3,659
Sales commissions	**2,514**	2,127
Depreciation of property, plant and equipment	**1,273**	1,102
Amortisation of right-of-use assets, land use rights and intangible assets	**635**	145
Donations	**901**	2,926

7. OTHER INCOME

	Six months ended 30 June	
	2019	2018
	RMB million	*RMB million*
Interest income	**2,112**	2,732
Forfeited customer deposits	**355**	521
Management and consulting service income from joint ventures	**593**	900
Others	**348**	242
	3,408	4,395

8. Finance cost, net

	Six months ended 30 June	
	2019	2018
	RMB million	*RMB million*
Finance costs		
Interest expenses from borrowings	**31,712**	29,177
Less: interest capitalised	**(24,320)**	(24,892)
	7,392	4,285
Exchange losses	**1,243**	1,710
Other finance costs	**320**	224
	8,955	6,219

9. OTHER (LOSSES)/GAINS — NET

	Six months ended 30 June	
	2019	2018
	RMB million	*RMB million*
Net gains on disposal of subsidiaries	**66**	2,067
Gains on disposal of associates and joint ventures	**2**	—
Gains on disposal of FVOCI, net	**—**	19
Net foreign exchange (losses)/gains	**(467)**	385
	(399)	2,471

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Six months ended 30 June	
	2019	2018
	RMB million	*RMB million*
Balance as at 1 January	**10,138**	3,150
Reclassified from AFS	**—**	279
Additions	**3,737**	14
Business combination	**65**	—
Fair value losses	**(557)**	(428)
Disposals	**(4,269)**	(1,073)
Balance as at 30 June	**9,114**	1,942
Less: non-current portion	**(8,596)**	—
	518	1,942

As at 30 June 2019 and 31 December 2018, the balances of FVPL include the following:

	30 June	31 December
	2019	2018
	RMB million	*RMB million*
Listed equity securities	**417**	1,173
Unlisted equity investments	**8,697**	8,965
	9,114	10,138
Less: non-current portion	**(8,596)**	(8,965)
	518	1,173

As at 30 June 2019 and 31 December 2018, the listed equity securities of FVPL represented the Group's equity investments in certain companies listed on the Shanghai Stock Exchange, the Shenzhen Stock Exchange Limited and the Stock Exchange, which are quoted in an active market.

As at 30 June 2019 and 31 December 2018, the unlisted equity investments of FVPL represented the Group's equity investment in certain high technology and media companies, and the fair value of these investments has been determined by reference to the valuation carried out by independent and professionally qualified valuers.

Changes in fair values of these investments are recorded in "Fair value losses on financial assets at fair value through profit or loss" in the consolidated statement of comprehensive income.

11. INCOME TAX EXPENSES

	Six months ended 30 June	
	2019	2018
	RMB million	*RMB million*
Current income tax		
— Hong Kong profits tax	**16**	10
— PRC corporate income tax	**15,205**	23,141
— PRC land appreciation tax	**10,861**	19,277
Deferred income tax		
— PRC corporate income tax	**(842)**	(949)
— PRC land appreciation tax	**(1,341)**	(1,315)
	23,899	40,164

Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (2009 Revision as consolidated and revised from time to time) of 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

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the current period in respect of operations in Hong Kong.

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 2018: 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 Corporate Income Tax Law of the PRC, starting from 1 January 2008, a withholding tax of 10% will be levied on the immediate holding companies outside the PRC 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 according to the tax treaty arrangements between the PRC and Hong Kong.

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 property development expenditures.

12. 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 granted on 18 May 2010 and 9 October 2014.

13. DIVIDENDS

The Board of Directors has resolved not to pay an interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: nil).

14. TRADE AND OTHER RECEIVABLES

	30 June 2019 *RMB million*	31 December 2018 *RMB million*
Trade receivables (a)	**56,307**	37,239
Other receivables (b)	**90,286**	91,931
	146,593	129,170
Less: non-current portion of trade receviables and other receivables	**(8,925)**	(6,029)
Current portion	**137,668**	123,141

(a) Trade receivables

	30 June 2019 *RMB million*	31 December 2018 *RMB million*
Trade receivables	**56,423**	37,413
Less: allowance provision for impairment	**(116)**	(174)
Trade receivables — net	**56,307**	37,239
Less: non-current portion	**(8,925)**	(4,722)
Current portion	**47,382**	32,517

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

	30 June 2019 *RMB million*	31 December 2018 *RMB million*
Within 90 days	**35,214**	22,339
Over 90 days and within 180 days	**4,251**	3,023
Over 180 days and within 365 days	**8,389**	4,193
Over 365 days	**8,569**	7,858
	56,423	37,413

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

(b) Other receivables

	30 June 2019 *RMB million*	31 December 2018 *RMB million*
Other receivables	**91,904**	93,469
Less: allowance provision for impairment	**(1,618)**	(1,538)
Other receivables — net	**90,286**	91,931
Less: non-current portion	**—**	(1,307)
Other receivables — net	**90,286**	90,624

The amounts of other receivables mainly represented the receivables from joint ventures, non-controlling interests, deposits for acquisition of land use right, construction projects and borrowings, and loans to certain third parties which were facilitated through the internet finance platform.

The carrying amounts of the Group's other receivables are denominated in RMB.

The maximum exposure to credit risk at each balance sheet date is the carrying value of each class of receivables mentioned above.

As at 30 June 2019 and 31 December 2018, the fair value of trade and other receivables approximated their carrying amounts.

15. PREPAYMENTS

	30 June 2019 RMB million	31 December 2018 RMB million
Prepaid value added taxes and other taxes	**14,335**	13,436
Prepayments and advances to third parties	**125,393**	126,993
— for acquisition of land use rights	**95,983**	97,556
— for acquisition of subsidiaries	**25,416**	25,371
— others	**3,994**	4,066
	139,728	140,429
Less: non-current portion		
— prepayment for acquisition of property, plant and equipment	**(1,943)**	(1,677)
	137,785	138,752

16. TRADE AND OTHER PAYABLES

	30 June 2019 RMB million	31 December 2018 RMB million
Trade payables- third parties	**495,499**	423,648
Other payables	**117,332**	104,111
Payroll payable	**1,597**	2,558
Accrued expenses	**6,110**	7,066
Deferred income from grants	**1,648**	—
Other taxes payable	**22,641**	18,473
	644,827	555,856
Less: non-current portion of other payables and deferred income from grants	**(3,681)**	(1,543)
Current portion	**641,146**	554,313

The aging analysis of trade payables is as follows:

	30 June 2019 RMB million	31 December 2018 RMB million
Within one year	**440,633**	378,322
Over one year	**54,866**	45,326
	495,499	423,648

BUSINESS REVIEW

In the first half of 2019, global economy was under significant pressure as affected by trade frictions, geopolitical risks and other factors. In response to the complicated environment with increasing domestic and overseas risks and challenges, the Chinese central government made timely appropriate countercyclical adjustments in its macroeconomic policy. In the first half of 2019, the Chinese GDP experienced year-on-year growth of 6.3%. The Chinese economy sustained the momentum of progress in overall stability. Consumption contributed to over 60% of economic growth, with continuous progress made in consumption upgrade. Meanwhile, the investment structure continued to optimize, and the investments in the high-tech industry and technology upgrade in the manufacturing industry increased by over 10%.

In the first half of 2019, the central government reinstated the primary principle of "housing is for living, not for speculation". Adhering to the principle of "different policies according to specific situations in different cities", local governments implemented various regulation policies, resulting in new trends in cities at different tiers. In general, the transaction volume of domestic commodity houses remained stable. First-tier cities experienced recovery. Second-tier cities were stable generally. Third- and fourth-tier cities remained slightly fluctuated. In the first half of the year, national contracted sales volume of commodity housing increased by 5.6% year-on-year to RMB7.07 trillion with contracted sales volume of residential housing reaching RMB6.13 trillion, with year-on-year growth of 8.4%. Inventory levels continued to decline, with 502 million square meters of properties available for sale at the end of the period, down by 8.9% year-on-year, and residential housing inventory decreased to 232 million square meters, down by 15.2%. The market share of the top 10 real estate companies' contracted sales amounted to 29.1%, a year-on-year increase of 3.7 percentage points[1].

Faced with the complexities in the economic environment domestically and abroad as well as intense industry competition, the Group fully understand that housing is for people to live in, and firmly carry out controlling policies, thus achieving "stable land price, stable property price and stable expectations". Having real estate development as the foundation, developing cultural tourism and health wellbeing management as the complementary pillars, and focusing on new energy vehicles as the leading growth driver, the Group gained a leading position among its peers in terms of operation scale and profitability. In the first half of 2019, the Group was ranked 138th in the Fortune Global 500, significantly improving by 358 positions from 496th when it entered the list for the first time in 2016.

1 *Data source: National Bureau of Statistics of China, public data*

Continuously maintain huge high quality land reserves, thus achieving quality development

During the Reporting Period, the Group continued to maintain abundant and high quality land reserve and facilitate quality development. In the first half of 2019, the Group acquired 79 new pieces of land and further acquired the land surrounding 14 existing projects. New land reserves acquired were evenly distributed among cities such as Nanjing, Taiyuan, Kunming, Chongqing, Zhengzhou, Fuzhou, Urumqi, Foshan, Dalian, Yantai, Tangshan, Jingdezhen, Huangshan and Dali. The newly acquired land reserves had a total GFA of 44.49 million square meters at an average cost of RMB1,699 per square meter.

As at 30 June 2019, the Group's total land reserves covered 864 projects located in 232 cities across China, covering almost all first-tier cities, municipalities and provincial capitals, as well as a majority of economically developed prefecture-level cities with high growth potential. The land reserves of the Group had a total planned GFA of 319 million square meters with an original value of RMB522.7 billion. In particular, the original value of land reserves in first-tier and second-tier cities amounted to RMB345.5 billion, representing 66.1% of the total value with an average land cost of RMB2,032 per square meter. The original value of land reserves in third-tier cities amounted to RMB177.2 billion, representing 33.9% of the total value with an average cost of RMB1,191 per square meter.

Among the abovementioned land reserves, land premium of RMB90.5 billion remained outstanding, of which RMB15.7 billion, RMB35.0 billion and RMB39.8 billion will be due in the second half of 2019, 2020 and in and after 2021 respectively.

Steady increase in the price of contract sale, thus providing solid foundation for constant margin

During the Reporting Period, the Group realized contracted sale of RMB281.81 billion, with contracted sales GFA of 26.2 million square meters. Meanwhile, the average selling price continued to increase to RMB10,756 per square meter, reaching its historical high.

In the first half of 2019, the Group launched 81 new projects for sale in several dozens of cities including Shenzhen, Chengdu, Chongqing, Wuhan, Changsha, Jinan, Xi'an, Ningbo, Guiyang, Shenyang, Dalian, Taiyuan, Kunming, Foshan and Yangzhou. There were a total of 910 fully completed projects and projects under construction for sale.

The stable sales performance and continuous increase in selling price were mainly attributable to the Group's efforts in enhancing added value of products, as well as the large number of projects and resources for sale. Leveraging on the aforesaid edges, as well as the strong execution power and practical sale strategy of the Group, the Board is confident in meeting the annual contract sales target.

Scientific planning of new construction start and completion with steady number of projects under construction

During the Reporting Period, the Group conducted its construction planning scientifically and emphasized the strict coordination among plans of sales, completion and delivery. New construction start GFA was 35.11 million square meters, an increase of 11.6% year on year. As at 30 June 2019, the Group had 772 projects under construction with GFA of 137 million square meters, representing an increase of 8.1% and 1.7% as compared to the end of 2018, respectively. Completed GFA was 33.36 million square meters.

During the Reporting Period, the Group had a total of 694 delivered projects with total revenue of RMB221.14 billion. The Board believes that the large scale of development and construction has not only ensured ample saleable resources to help further support sales, but has also boosted the completion and delivery in the next phase with corresponding increase in overall revenue.

Gradual facilitation of business diversification, storing new power for development

Evergrande has completed the layout of new energy vehicle production chain, aims for world-leading core technology and first-class product quality, and strives to become one of the world's largest and the most powerful new energy vehicle group within 3–5 years. With regard to vehicle research & development and manufacturing, we acquired a controlling stake in National Electric Vehicle Sweden AB (NEVS), and obtained the core technology of Saab Automobile AB. We formed a joint venture with world-class luxury automobile manufacturer Koenigsegg (with 65% shareholding by NEVS) and obtained strong manufacturing capability of super luxury automobiles. We have multiple production bases located in Sweden as well as Guangzhou, Shanghai, Tianjin and Shenyang, China, among which, the bases in Sweden and Tianjin, China have acquired mass production capacity. On 29 June 2019, we commenced mass production for the National Modern Energy 93 vehicle model (國能93車型). In March 2020, the new automobile prototype with Koenigsegg will be revealed at the Geneva Motor Show.

In terms of power assembly, we established a joint venture Evergrande Hofer Powertrain (恒大德國hofer動力科技公司) with hofer AG, an international leader in automative power engineering, in which our Group owns 67% interests. With world-leading power assembly technology, we plan to build advanced R&D production bases in China, acquire e-Traction of the Netherlands and Protean of UK, and gain the advanced commercial and passenger vehicle wheel hub motor technology, which represent the future development direction of powertrain.

In terms of power batteries, we acquired a controlling stake of CENAT, and obtained Japan's leading technology and possessed the industry's top 3 power battery production capacity. We plan to build multiple super factories of 60Gwh within 10 years and construct a complete battery industry ecological chain.

In terms of intelligent technology, car-sharing acquired the online ride-hailing qualifications from the Ministry of Transport. We conducted researches on autonomous driving technology for shared smart travel, and established a joint venture with the State Grid with 50% shareholding for each, focusing on the smart charging service for community parking spaces. In terms of automobile sales, we have invested in Guanghui Group and gained access to the world's largest automobile distribution network.

After nine years of research and exploration, Evergrande Tourism Group has narrowed its focus to developing two flagship theme-park products that are the first of their kind in the world, namely Evergrande Fairyland and Evergrande Water World. Evergrande Fairyland is developed specifically for children aged 2–15 years old and is the only large-scale theme park in the world that is entirely indoor and can operate year-round through all weather conditions, or "all-indoor, all-weather, all-season". Each Evergrande Fairyland project targets a regional market with a radius of 500 kilometers and a population of approximately 80 million people. Currently, there are 15 Evergrande Fairyland projects underway which are expected to begin operations starting in 2021.

Evergrande Water World is designed to be the world's largest "all-indoor, all-weather, all-season" hotspring water theme park and each component park offers over 120 most popular water park rides selected from around 170 over the world. 20–30 Evergrande Water World projects are expected to be developed in the next 3 years.

Ocean Flower Island, located in Hainan, has already completed its exterior facade construction work and is currently undergoing interior decoration and equipment installation. It is expected to open for operation in 2020. Currently, it has entered into contracts with 35 global restaurants, 255 international brands and 215 retail stores from 24 countries and regions.

Evergrande Health Group focuses on the health industry, and successfully developed its flagship product entitled Evergrande Elderly Care Valley, first of its kind in China. Evergrande Elderly Care Valley integrates first-class resources in medical services, health management, wellness living, elderly care, insurance and tourism and intends to build a comprehensive membership platform. It provides whole-lifecycle, high-quality and multi-dimensional healthcare services to its members through its unique "four major gardens", "five major innovations" and "four major services". Currently there are 16 Evergrande Elderly Care Valley projects under development and over 50 more are being planned over the next three years, which we aim to start operation from 2021. Boao Evergrande International Hospital is the first Evergrande international hospital and the only overseas affiliated hospital of Brigham and Women's Hospital (an affiliated teaching hospital of Harvard Medical School), which has officially opened for operation.

Health industry and new energy vehicle industry are planned and operated by Evergrande Health Industry Group Limited (00708.HK), a subsidiary of the Group.

BUSINESS OUTLOOK

Looking forward, the Board believes that the global trade war will become more prolonged and complicated. In the second half of the year, global economy still faces uncertainties. As an emerging country with the largest middle-class population in the world, China adheres to the general work guideline of making progress while maintaining stability, and implements active fiscal policy and prudent monetary policy. The Chinese government will continue to enhance its economy resistance and leave room for maneuver. It will fully open up itself to other economies, and launch mutual cooperation with overseas markets. At the same time, the Chinese government will secure economic globalization and multilateral trading system, thereby facilitating stable development of the Chinese economy.

In respect of industry policy, adhering to its stance of "housing is for living, not for speculation", the central government will implement a long-term and effective management system for real estate, maintain the continuity and stability of policies on adjustments to the real estate market, and prevent and mitigate risk exposures in the real estate market. The central government will continue to regulate and support culture tourism and health industry, develop modern service industry, promote integrated development between culture and tourism, and build a healthy China. In respect of technology industry such as new energy vehicles, the government will continue to establish a market-orientated green technology and innovative system, and implement procurement incentive for new energy vehicles, thus developing itself into a powerful manufacturing nation.

Based on the systematic analysis of the global economy and national industry policies, the Board will further solidify the foundation of its real estate business, accelerate the business expansion of Evergrande Tourism Group and Evergrande Health, and strengthen and improve the full industry chain of new energy vehicles. The Group aims to establish itself into the largest and most powerful new energy vehicle group within 3 to 5 years.

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Performance

The Group recorded revenue of RMB226.98 billion for the Reporting Period (2018H1: RMB300.35 billion), representing a year-on-year decrease of 24.4%. Gross profit amounted to RMB77.26 billion (2018H1: RMB108.86 billion), representing a year-on-year decrease of 29.0%.

Core business profit for the Reporting Period was RMB30.35 billion, which is based on the net profit excluding fair value gains on investment properties, exchange gains or losses, fair value gains or losses on financial instruments, gains or losses on disposal of financial instruments, donations and certain non-property development business losses. Core business profit margin for the Reporting Period was 13.4%.

Revenue

Revenue of the Group was RMB226.98 billion for the Reporting Period, representing a decrease of 24.4% as compared with the same period in 2018. Revenue generated from the property development segment decreased by 25.0% to RMB221.14 billion. The decrease was mainly due to the 25.8% decrease in delivered area compared to the corresponding period in 2018 since there was a decrease in the delivered area due during the Reporting Period, following the property delivery deadlines set in the property sale contracts. Revenue generated from property management amounted to RMB2.32 billion, an increase of 24.1% from the first half of 2018, which was mainly due to the increase in area under the Group's management service for the Reporting Period. Revenue generated from investment properties amounted to RMB0.82 billion, up by 76.6%, which was mainly from the increased rental income attributable to a larger rental area of the investment properties.

Gross Profit

Gross profit of the Group was RMB77.26 billion for the Reporting Period, representing a 29.0% drop as compared with the corresponding period of 2018. Decrease in gross profit for the Reporting Period was mainly attributable to 25% of reduction in the delivered property area, compared with the corresponding period of 2018. The average selling price of the properties per square meter remained stable as compared with the corresponding period of 2018, resulting in decreases in revenue and the corresponding profit. Gross profit rate was 34.0% for the Reporting Period, down by 2.2 percentage points compared to the same period of 2018, which was mainly due to the increases in construction and installation costs for delivered properties, land costs and interests costs.

Fair Value Gain on Investment Properties

Fair value gain on investment properties of the Group for the Reporting Period was RMB1.00 billion, representing a decrease of 25.5% as compared with the first half of 2018. It is mainly because the Group only recorded a slight growth in the fair value gain on investment properties held in the previous year for the Reporting Period. Investment properties of the Group mainly include commercial podiums in living communities, office buildings with gross floor area of about 9.35 million square meters and approximately 364,000 car parking spaces.

Other (losses)/gains, net

Other net losses were RMB0.4 billion for the Reporting Period. It mainly represents exchange losses. Other net gains for the first half of 2018 amounted to RMB2.47 billion, which was mainly attributable to the gains from the disposal of subsidiaries, while there was no such major transaction for the year.

Selling and Marketing Costs

During the Reporting Period, selling and marketing costs of the Group increased from RMB9.33 billion for the corresponding period of 2018 to RMB10.15 billion, up by 8.8%. During the Reporting Period, the 3.6% ratio of selling and marketing expenses to contracted sales is 0.5 percentage points higher compared with 3.1% in the first half of 2018. The main reason was that the Group, in response to the market environment, increased the investment in advertisements and marketing campaigns to promote sales.

Administrative Expenses

During the Reporting Period, administrative expenses of the Group increased to RMB8.91 billion from RMB6.46 billion for the corresponding period of 2018, which was mainly attributable to the continuous expansion of the Group's nation-wide business and increases in staff remuneration as well as administrative and office expenses for the Reporting Period.

Borrowings

As at 30 June 2019, the borrowings of the Group amounted to RMB813.17 billion, with the following maturities:

	30 June 2019 *(RMB billion)*	**As percentage of total borrowings**	**31 December 2018** *(RMB billion)*	**As percentage of total borrowings**
Less than 1 year	375.8	46.2%	318.3	47.3%
1–2 years	234.2	28.8%	181.5	27.0%
2–5 years	165.6	20.4%	128.0	19.0%
More than 5 years	37.6	4.6%	45.3	6.7%
	813.2	100.0%	673.1	100.0%

A portion of the borrowings were secured by a pledge of properties and equipment, land use rights, investment properties, properties under development, completed properties held for sale, cash at bank and the equity interests of certain subsidiaries of the Group. The average effective interest rate of borrowings for the Reporting Period was 8.62% per annum (2018H1: 7.92%).

Foreign Exchange Exposure

The Group's business is principally conducted in Renminbi. A significant portion of residential and investment properties are located in Mainland China. However, there are 25.4% of borrowings denominated in US dollar and HK dollar.

We estimate the Renminbi exchange rate to continue its two-way volatility as the Renminbi exchange mechanism becomes more market-oriented. We incurred exchange losses during the Reporting Period due to depreciation in the RMB. However, there is still uncertainty on the actual exchange losses or gains relating to borrowings in foreign currencies, when they were repaid on due dates.

The Group will closely monitor its exchange risk exposure and will adjust its debt profile when necessary based on market changes. The Group has not entered into any forward exchange contracts to hedge its exposure to foreign exchange risk.

Liquidity

As at 30 June 2019, the total balance of cash and cash equivalents and restricted cash of the Group was RMB288.02 billion. The abundant working capital ensured normal operation of the Group, while providing adequate support for the Group as it explores best business opportunities.

Land Reserves

During the Reporting Period, the Group newly acquired 79 pieces of land as reserves, which were distributed in 58 cities including Nanjing, Taiyuan, Zhengzhou, Chongqing, Kunming, Fuzhou, Urumqi, Hohhot, Dalian, Foshan, Yantai, Quanzhou and Tangshan. The planned GFA of the newly acquired land reserves was approximately 44.49 million square meters at an average cost of RMB1,699 per square meter.

Total Land Reserve of the Group

The total land reserve of the Group was 319 million square meters with an original value of RMB522.7 billion at an average land cost of RMB1,639 per square meter.

The original value of land reserve for projects in first-tier and second-tier cities was RMB345.5 billion, accounting for 66.1% with an average land cost of RMB2,032 per square meter;

The original value of land reserve for projects in third-tier cities was RMB177.2 billion, accounting for 33.9% with an average land cost of RMB1,191 per square meter;

For projects such as urban renewal which were not included in land reserve with total planned GFA of 70.12 million square meters as at 30 June 2019, of which 48 projects were in Shenzhen with the planned GFA amounting to 31.24 million square meters.

Contracted Sales

During the Reporting Period, the contracted sales of the Group amounted to RMB281.81 billion, with contracted sales GFA of 26.20 million square meters; contracted ASP continued to increase to RMB10,756 per square meter, hitting its highest record.

In the first half of 2019, the Group launched 81 new projects for sale in over 10 cities, covering Shenzhen, Chengdu, Chongqing, Wuhan, Changsha, Jinan, Xi'an, Ningbo, Guiyang, Shenyang, Dalian, Taiyuan, Kunming, Foshan, Yangzhou and other cities. The accumulated completed projects or projects under construction for sale reached 910, covering 30 provinces, regions and cities in China.

The following table sets out the geographical distribution of contracted sales amount of the Group in the first half of 2019.

No.	**Province**	**Sales amount** *(RMB million)*	**Percentage**
1	Guangdong Province	29,199	10.362%
2	Jiangsu Province	19,164	6.800%
3	Sichuan Province	17,623	6.253%
4	Chongqing	15,395	5.463%
5	Zhejiang Province	14,807	5.254%
6	Shandong Province	14,319	5.081%
7	Henan Province	14,043	4.983%
8	Hubei Province	12,666	4.494%
9	Hunan Province	10,872	3.858%
10	Liaoning Province	10,769	3.821%
11	Shaanxi Province	10,287	3.650%
12	Anhui Province	10,046	3.565%
13	Jiangxi Province	9,831	3.489%
14	Guangxi Zhuang Autonomous Region	9,577	3.398%
15	Shanxi Province	8,895	3.156%
16	Inner Mongolia Autonomous Region	8,337	2.958%
17	Hebei Province	8,289	2.941%
18	Yunnan Province	7,912	2.808%
19	Hainan Province	7,331	2.601%
20	Fujian Province	7,001	2.484%
21	Heilongjiang Province	6,763	2.400%
22	Guizhou Province	6,457	2.291%
23	Shanghai	6,155	2.184%

No.	Province	Sales amount *(RMB million)*	Percentage
24	Jilin Province	5,458	1.937%
25	Gansu Province	3,653	1.296%
26	Tianjin	2,029	0.720%
27	Xinjiang Uygur Autonomous Region	1,898	0.674%
28	Beijing	1,840	0.653%
29	Ningxia Hui Autonomous Region	1,185	0.421%
30	Qinghai Province	8	0.003%
	Total	281,809	100%

As at the end of July 2019, the accumulated contracted sales amount of the Group was RMB322.26 billion; the contracted sales area was 30.036 million square meters.

PROPERTY DEVELOPMENT

As at 30 June 2019, the area under construction of the Group was 137 million square meters, and the number of projects under construction was 772.

During the Reporting Period, the Group achieved full or partial completion of a total of 487 projects, with a total completed GFA of 33.36 million square meters.

The following table sets out the distribution of completed areas in each province.

No.	Province	Completed GFA *('000 sq.m)*	Percentage
1	Anhui Province	3,079	9.23%
2	Jiangsu Province	2,577	7.73%
3	Henan Province	2,531	7.59%
4	Hunan Province	2,360	7.08%
5	Guizhou Province	2,240	6.72%
6	Shandong Province	2,060	6.18%
7	Guangdong Province	1,940	5.82%
8	Hubei Province	1,824	5.47%
9	Sichuan Province	1,800	5.40%
10	Zhejiang Province	1,473	4.42%
11	Guangxi Province	1,447	4.34%
12	Chongqing	1,334	4.00%
13	Hebei Province	1,218	3.65%
14	Liaoning Province	964	2.89%

No.	Province	Completed GFA *('000 sq.m)*	Percentage
15	Inner Mongolia Autonomous Region	913	2.74%
16	Shaanxi Province	842	2.52%
17	Jiangxi Province	831	2.49%
18	Fujian Province	599	1.80%
19	Hainan Province	575	1.72%
20	Jilin Province	434	1.30%
21	Shanxi Province	402	1.21%
22	Yunnan Province	394	1.18%
23	Xinjiang Uygur Autonomous Region	374	1.12%
24	Gansu Province	371	1.11%
25	Heilongjiang Province	325	0.97%
26	Ningxia Hui Autonomous Region	166	0.50%
27	Tianjin	150	0.45%
28	Beijing	72	0.22%
29	Tibet Autonomous Region	60	0.18%
	Total	33,355	100.00%

During the Reporting Period, the Group achieved total delivery of 694 projects, with a delivery amount of RMB221.14 billion.

CORPORATE SOCIAL RESPONSIBILITY

While maintaining focus on its steady and rapid growth, the Group proactively fulfilled corporate social responsibility and continued to commit itself to charity and public welfare work relating to people's livelihood, poverty alleviation, education, environmental protection and others, thus making contributions to the harmony and improvement of the society.

With respect to people's livelihood, the Group adhered to its philosophy of properties for the people and provided high quality and affordable homes to the public. Meanwhile, the Group continued to implement "return with no reason required", "delivery of fully decorated properties" to protect home-buyers' interests. As a real estate company that always delivers fully decorated properties, the Group had established strategic cooperation with over 860 domestic and international renowned enterprises. Striving to the cooperation objectives of achieving win-win, fair and transparent procedures, the Group continued to deepen its strategic cooperation with upstream and downstream companies, thus realizing strong and powerful industry chain integration and supporting the healthy development of the real estate market.

With regard to poverty alleviation, the Group has initiated its poverty alleviation plan for 畢節市 (Bijie City), Guizhou Province since December 2015 under the support and encouragement of the National Committee of CPPCC. The Group sent a poverty alleviation team of 2,108 selected persons to work with local government personnel and citizens. By grasping the key link of targeted poverty alleviation on industry poverty alleviation, relocating poverty alleviation and vocational poverty alleviation, the Group was helping more than 1 million people in poverty in Bijie City in achieving complete stable poverty alleviation by 2020. Up to now, the Group has donated RMB7 billion to the poverty alleviation fund, assisting the party committees and governments at Bijie City to help 585,900 people get rid of poverty alleviation at the first stage. Among which, Dafang County and Qianxi County were out of poverty. In addition, the Group also donated RMB750 million to the "2019 Guangdong Poverty Alleviation Day" to help rural revitalization in Lianping County and Heping County, Heyuan City, Guangdong. At the same time, the Group participated in poverty alleviation works in Eastern and Western China, offering help in Xunwu County, Jiangxi and Zhaotong City, Yunnan. Moreover, the Group has donated RMB180 million to the poverty alleviation fund to Taikang County, Zhoukou City, Henan.

Regarding education, in the first half of 2019, the Group donated RMB300 million to Tsinghua University, RMB198 million to Chinese Academy of Sciences and RMB100 million to education fund in Shaanxi. The Group also continued to deepen its cooperation with top institutions around the world, such as Harvard University and Tsinghua University, to encourage the research, application and promotion of green building.

AWARDS

During the Reporting Period, the Group was on the list of Forbes 100 for the first time, ranked 94th in the list. It was on the list of Top 100 Global Most Valuable Brands for the second consecutive year with ranking ascended to 81st and entered the list of the Top 20 China Most Valuable Brands. The Group was awarded the first place in the "Top 500 China Real Estate Developers", the "Top 100 China Real Estate Developers" and the "Comprehensive Strengths of China Listed Real Estate Companies" for the third consecutive year. It also won 49 awards including Outstanding Contribution Award of China Foundation for Poverty Alleviation, China Charity Award for Real Estate Companies, Annual Model Chinese Real Estate Company on Poverty Alleviation and Gold Cup in the Guangdong Poverty Alleviation Red Cotton Cup etc.

HUMAN RESOURCES

As at 30 June 2019, the Group had a total of 128,775 employees, of which approximately 90% were graduates with bachelor's degree or above in property development or construction, forming a team of young, highly educated and high-quality personnel. In the first half of 2019, the Group entered into contract with a total of approximately 1,700 fresh graduates, including 252 fresh graduates from top 15 colleges and universities such as Tsinghua University and Beijing University. There were 19,755 experts recruited who reported duty.

The Group firmly believes that talent is the most important corporate resource and always adheres to a people-oriented human resources development strategy, creating a sound working environment featuring harmonious development and positive interaction between the Group and its staff. As at 30 June 2019, total staff costs (including directors' emoluments) of the Group were approximately RMB11.51 billion (the corresponding period of 2018: approximately RMB11.43 billion).

INTERIM DIVIDEND

The Board has resolved not to pay an interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: nil).

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

On 25 January 2019, the Company issued (1) additional US$1,100 million 7.0% senior notes due 2020 (which were consolidated and form a single series with the US$500 million 7.0% senior notes due 2020 issued by the Company on 23 March 2017); (2) additional US$875 million 6.25% senior notes due 2021 (which were consolidated and form a single series with the US$598 million 6.25% senior notes due 2021 issued by the Company on 28 June 2017); and (3) additional US$1,025 million 8.25% senior notes due 2022 (which were consolidated and form a single series with the US$1,000 million 8.25% senior notes due 2022 issued by the Company on 23 March 2017).

On 6 March 2019, Scenery Journey Limited, a subsidiary of the Company, issued US$600 million 9% senior notes due 2021.

On 11 April 2019, the Company issued (i) US$1,250 million 9.5% senior notes due 2022 (the "**2022 9.5% Notes**"), (ii) US$450 million 10.0% senior notes due 2023 (the "**2023 10.0% Notes**"), and (iii) US$300 million 10.5% senior notes due 2024 (the "**2024 10.5% Notes**").

On 18 April 2019, the Company issued (a) additional US$200 million 9.5% senior notes due 2022 (which were consolidated and form a single series with the 2022 9.5% Notes); (b) additional US$400 million 10.0% senior notes due 2023 (which were consolidated and form a single series with the 2023 10.0% Notes); and (c) additional US$400 million 10.5% senior notes due 2024 (which were consolidated and form a single series with the 2024 10.5% Notes).

All of the notes issued above are listed and traded on the Singapore Stock Exchange.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2019.

MODEL CODE FOR SECURITIES TRANSACTIONS CONDUCTED BY THE DIRECTORS

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set forth in Appendix 10 of the Listing Rules as the code of conduct for securities transactions conducted by the directors. Having made due and careful enquiries with the directors, the Company confirmed that for the six months ended 30 June 2019, all directors have abided by the Model Code.

CORPORATE GOVERNANCE

The Company has been in compliance with all code provisions of the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2019 save for the following deviations:

In respect of code provision E.1.2, the chairman of the Board, Mr. Hui Ka Yan, has not attended the annual general meeting of the Company held on 6 June 2019 due to his other business commitment, Mr. Huang Xiangui, an executive Director, was appointed chairman for the meeting.

REVIEW OF INTERIM REPORT BY THE AUDIT COMMITTEE

The unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2019 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 2019, and discussed with the Company's management regarding the review, internal controls and other relevant matters.

ACKNOWLEDGEMENT

The steady development of the Group is owed to the trust and support of its shareholders, investors and business partners as well as the loyalty of our staff members. On behalf of the Board, I hereby express my heartfelt gratitude towards them.

By Order of the Board
China Evergrande Group
Hui Ka Yan
Chairman

Hong Kong, 28 August 2019

As at the date of this announcement, the executive Directors are Mr. Hui Ka Yan, Mr. Xia Haijun, Ms. He Miaoling, Mr. Shi Junping, Mr. Pan Darong, and Mr. Huang Xiangui, and the independent non-executive Directors are Mr. Chau Shing Yim, David, Mr. He Qi and Ms. Xie Hongxi.