中國恒大集團
CHINA EVERGRANDE GROUP

CHINA EVERGRANDE GROUP

中 國 恒 大 集 團

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3333)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

FINANCIAL HIGHLIGHTS

1. Revenue increased by 114.8% to RMB187.98 billion for the six months ended 30 June 2017 (the Reporting Period) from RMB87.50 billion for the corresponding period of 2016.

2. Gross profit increased by 171.7% to RMB67.30 billion for the Reporting Period from RMB24.77 billion for the corresponding period of 2016, and gross profit margin increased by 7.5 percentage points to 35.8% from 28.3% for the corresponding period of 2016.

3. Core business profit[1] was RMB27.30 billion for the Reporting Period, an increase of 249.6% as compared with the corresponding period of 2016, and core business profit margin was 14.5%, 5.6 percentage points higher than that of the corresponding period of 2016.

4. Net profit for the Reporting Period was RMB23.13 billion, 224.4% higher than that of the corresponding period of 2016, and net profit margin was 12.3%, 4.2 percentage points higher than that of the corresponding period of 2016.

5. Profit attributable to shareholders for the Reporting Period was RMB18.83 billion, 832.2% higher than that of the corresponding period of 2016.

6. Selling, general and administrative expenses for the Reporting Period was 7.1% to the revenue, 6.3 percentage points lower than that of the corresponding period of 2016.

[1] Core business profit represents net profit excluding fair value gains on investment properties, exchange losses, losses on financial assets at fair value through profit or loss, other losses and one-off donation.

7. Contracted sales during the Reporting Period amounted to RMB244.09 billion, representing a year-on-year increase of 72.2%. The gross floor area of contracted sales was 24.751 million square meters, representing a year-on-year growth of 49.1%. The average price of contracted sales was RMB9,862 per square meter, representing a year-on-year increase of 15.5%.

8. The gross floor area of our land reserves was 276 million square meters as at 30 June 2017, representing an increase of 48.4% as compared with 186 million square meters as at 30 June 2016.

The board of directors (the "Board") of China Evergrande Group (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2017.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June	
		2017	2016
		(Unaudited)	(Unaudited)
	Note	***RMB million***	*RMB million*
Revenue	*4*	**187,981**	87,498
Cost of sales		**(120,677)**	(62,728)
Gross profit		**67,304**	24,770
Fair value gains on investment properties	*4*	**6,001**	3,283
Fair value losses on financial assets at fair value through profit or loss	*9*	**(266)**	(425)
Other income	*6*	**2,520**	1,875
Other losses, net	*8*	**(7,023)**	—
Selling and marketing costs		**(7,824)**	(8,029)
Administrative expenses		**(5,430)**	(3,664)
Other operating expenses		**(2,051)**	(1,620)
Operating profit		**53,231**	16,190
Finance costs, net	*7*	**(5,151)**	(1,782)
Share of profits/(losses) of investments accounted for using the equity method		**263**	(71)
Profit before income tax		**48,343**	14,337
Income tax expenses	*10*	**(25,216)**	(7,210)
Profit for the period		**23,127**	7,127

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB million	*RMB million*
Other comprehensive income		
Item that may be reclassified to profit or loss		
Change in value of available-for-sale financial assets, net of tax	**2,435**	468
Share of other comprehensive income of investments accounted for using the equity method	**2,017**	(197)
Currency translation differences	**(241)**	175
Other comprehensive income for the period, net of tax	**4,211**	446
Total comprehensive income for the period	**27,338**	7,573
Profit attributable to:		
Shareholders of the Company	**18,834**	2,017
Non-controlling interests	**4,293**	5,110
	23,127	7,127
Total comprehensive income attributable to:		
Shareholders of the Company	**22,028**	2,463
Non-controlling interests	**5,310**	5,110
	27,338	7,573
Earnings per share for profit attributable to shareholders of the Company for the period (expressed in RMB per share)		
— Basic earnings per share	**1.400**	0.147
— Diluted earnings per share	**1.374**	0.145
Dividends	**—**	—

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	**30 June 2017 (Unaudited)** *RMB million*	31 December 2016 (Audited) *RMB million*
ASSETS			
Non-current assets			
Property, plant and equipment		**24,234**	20,833
Land use rights		**5,530**	5,401
Investment properties		**143,440**	132,045
Trade and other receivables	*13*	**6,210**	9,342
Prepayments	*14*	**2,179**	2,754
Intangible assets		**239**	241
Investments accounted for using the equity method		**26,647**	24,374
Available-for-sale financial assets		**3,754**	36,805
Deferred income tax assets		**2,903**	4,036
Goodwill		**1,402**	1,402
		216,538	237,233
Current assets			
Available-for-sale financial assets		**3,520**	—
Inventories		**131**	230
Properties under development		**699,063**	577,851
Completed properties held for sale		**98,362**	80,776
Trade and other receivables	*13*	**101,587**	76,434
Prepayments	*14*	**91,856**	62,747
Income tax recoverable		**8,673**	7,665
Financial assets at fair value through profit or loss	*9*	**3,311**	3,603
Restricted cash		**105,530**	105,909
Cash and cash equivalents		**164,404**	198,420
		1,276,437	1,113,635
Total assets		**1,492,975**	1,350,868

CONDENSED CONSOLIDATED BALANCE SHEET (Continued)

	Note	**30 June 2017 (Unaudited)** *RMB million*	31 December 2016 (Audited) *RMB million*
EQUITY			
Equity attributable to shareholders of the Company			
Share capital and premium		**1,028**	1,006
Other reserves		**49,164**	4,739
Retained earnings		**50,867**	38,495
		101,059	44,240
Non-controlling interests		**67,112**	148,292
Total equity		**168,171**	192,532
LIABILITIES			
Non-current liabilities			
Borrowings		**381,192**	332,164
Financial derivative liabilities		**1,080**	—
Other payables	*15*	**12,014**	54,354
Deferred income tax liabilities		**44,812**	38,424
		439,098	424,942
Current liabilities			
Borrowings		**292,302**	202,906
Trade and other payables	*15*	**345,907**	299,905
Receipt in advance from customers		**198,163**	194,961
Current income tax liabilities		**49,334**	35,622
		885,706	733,394
Total liabilities		**1,324,804**	1,158,336
Total equity and liabilities		**1,492,975**	1,350,868

Notes:

1. GENERAL INFORMATION

China Evergrande Group (the "Company", previously known as Evergrande Real Estate Group Limited), 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. 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, property construction, 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 2017.

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 2017 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 2016, 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 2016, as described in those annual financial statements.

(i) Amendments to standards adopted by the Group as at 1 January 2017

The following amendments to standards are mandatory for the Group's financial year beginning 1 January 2017. The adoption of amendments to standards does not have any significant impact to the results and financial position of the Group.

HKAS 12 (Amendments)	Income tax
HKAS 7 (Amendments)	Statement of cash flows
HKFRS 12 (Amendments)	Disclosure of interest in other entities

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

HKFRS 9	Financial instruments[1]
HKFRS 15	Revenue from contracts with customers[1]
HKFRS 16	Leases[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 2018.
2 Effective for periods beginning on or after 1 January 2019.
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.

HKFRS 15 replaces the previous revenue standards: HKAS 18 Revenue and HKAS 11 Construction Contracts, and the related Interpretations on revenue recognition. HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach: (1) Identify the contract(s) with customer; (2) Identify separate performance obligations in a contract; (3) Determine the transaction price; (4) Allocate transaction price to performance obligations; and (5) Recognise revenue when performance obligation is satisfied. The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an approach of transfer of risk and rewards to an approach based on transfer of control. HKFRS 15 provides specific guidance on capitalisation of contract cost and licence arrangements. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. Under HKFRS 15, an entity recognises revenue when a performance obligation is satisfied.

HKFRS 15 is mandatory for financial years commencing on or after 1 January 2018. At this stage, the Group is not able to estimate the impact of HKFRS 15 on the Group's financial statements and does not intend to adopt the standard before its effective date. The Group will make more detailed assessments of the impact over the next few months.

The Group is a lessee of certain offices and buildings, which are currently accounted for as operating leases under HKAS 17. Under HKFRS 16, lessees are required to recognise a lease liability reflecting future lease payments and a right-of-use asset for all lease contracts in the balance sheet. Lessees will also have to present interest expense on the lease liability and depreciation on the right-of-use asset in the income statement. In comparison with operating leases under HKAS 17, this will change not only the allocation of expenses but also the total amount of expenses recognised for each period of the lease term. The combination of a straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to profit or loss in the initial years of the lease, and decreasing expenses during the latter part of the lease term. The new standard has included an optional exemption for certain short-term leases and leases of low-value assets. This exemption can only be applied by lessees. The Group is expected to apply the new standard starting from the financial year beginning on 1 January 2019.

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

4. 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 property construction, hotel operations, finance business, internet business and health industry 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, dividend income of available-for-sale financial assets, gain or loss on disposal of available-for-sale financial assets 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 2017 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	**183,364**	**407**	**1,761**	**12,036**	**197,568**
Inter-segment revenue	**—**	**(79)**	**(460)**	**(9,048)**	**(9,587)**
Revenue	**183,364**	**328**	**1,301**	**2,988**	**187,981**
Share of post-tax profit of associates	**—**	**—**	**—**	**539**	**539**
Share of post-tax loss of joint ventures	**(11)**	**—**	**—**	**(265)**	**(276)**
Segment results	**54,476**	**6,371**	**131**	**(126)**	**60,852**
Loss on financial assets at fair value through profit or loss					**(266)**
Dividend income of available-for-sale financial assets					**32**
Loss on disposal of available-for-sale financial assets					**(7,124)**
Finance costs, net					**(5,151)**
Profit before income tax					**48,343**
Income tax expenses					**(25,216)**
Profit for the period					**23,127**
Depreciation and amortisation	**553**	**—**	**5**	**437**	**995**
Fair value gains on investment properties	**—**	**6,001**	**—**	**—**	**6,001**

The segment results and other segment items included in the condensed consolidated statement of comprehensive income for the six months ended 30 June 2016 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	83,738	312	1,989	8,269	94,308
Inter-segment revenue	—	(54)	(1,296)	(5,460)	(6,810)
Revenue	83,738	258	693	2,809	87,498
Share of post-tax profit of associates	59	—	—	(1)	58
Share of post-tax loss of joint ventures	148	—	—	(277)	(129)
Segment results	13,977	3,495	99	(1,027)	16,544
Loss on financial assets at fair value through profit or loss					(425)
Finance costs, net					(1,782)
Profit before income tax					14,337
Income tax expenses					(7,210)
Profit for the period					7,127
Depreciation and amortisation	406	—	6	498	910
Fair value gains on investment properties	—	3,283	—	—	3,283

Segment assets as at 30 June 2017 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	**1,242,171**	**143,440**	**2,282**	**82,921**	**1,470,814**
Unallocated assets					**22,161**
Total assets					**1,492,975**
Segment assets include:					
Interest in associates	**384**	**—**	**—**	**10,812**	**11,196**
Interest in joint ventures	**110**	**—**	**—**	**15,341**	**15,451**

Segment assets as at 31 December 2016 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	1,096,147	132,045	2,135	68,432	1,298,759
Unallocated assets					52,109
Total assets					1,350,868
Segment assets include:					
Interest in associates	196	—	—	10,524	10,720
Interest in a joint venture	259	—	—	13,395	13,654

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, plant and equipment, investment properties, land use rights, intangible assets, goodwill, investments accounted for using equity method, inventories, properties under development, completed properties held for sale, trade and other receivables, prepayments and cash balances. They exclude deferred income tax assets, income tax recoverable, available-for-sale financial assets and financial assets at fair value through profit or loss.

5. 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	
	2017	2016
	RMB million	*RMB million*
Cost of properties sold	**114,795**	55,946
Employee benefit expenditure — including directors' emoluments	**7,410**	6,079
Less: capitalised in properties under development, investment properties under construction and construction in progress	**(2,453)**	(1,991)
Employee benefit expenses	**4,957**	4,088
Business tax and other levies	**2,435**	4,131
Advertising and promotion expenses	**4,864**	5,012
Sales commissions	**726**	427
Depreciation of property, plant and equipment	**910**	822
Amortisation of land use rights and intangible assets	**85**	88
Operating lease expenses	**263**	199
Donations	**1,434**	1,124

6. OTHER INCOME

	Six months ended 30 June	
	2017	2016
	RMB million	*RMB million*
Interest income from bank deposits	**1,395**	1,133
Forfeited customer deposits	**225**	134
Gain on disposal of property, plant and equipment and investment properties	**75**	57
Others	**825**	551
	2,520	1,875

7. FINANCE COST, NET

	Six months ended 30 June	
	2017	2016
	RMB million	*RMB million*
Finance costs		
Interest expenses from borrowings	**(25,399)**	(13,549)
Less: interest capitalised	**21,031**	13,549
	(4,368)	—
Exchange gains/(losses)	**4**	(1,572)
Other finance costs	**(787)**	(210)
	(5,151)	(1,782)

8. OTHER LOSSES — NET

	Six months ended 30 June	
	2017	2016
	RMB million	*RMB million*
Gain on disposal of associates	**101**	—
Loss on disposal of available-for-sale financial assets, net *(note (a))*	**(7,124)**	—
	(7,023)	—

(a) On 9 June 2017, the Group disposed of its entire investment in China Vanke Co., Ltd. at an aggregate consideration of approximately RMB29,200 million, which incurred a loss of RMB7,176 million.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Six months ended 30 June	
	2017	2016
	RMB million	*RMB million*
Balance as at 1 January	**3,603**	307
Additions	**—**	4,677
Fair value losses	**(266)**	(425)
Disposals	**(26)**	—
Balance as at 30 June	**3,311**	4,559

As at 30 June 2017 and 2016, financial assets at fair value through profit or loss represented the Group's equity investments in certain companies listed on the China A-share and the Stock Exchange, which are quoted in an active market.

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.

10. INCOME TAX EXPENSES

	Six months ended 30 June	
	2017	2016
	RMB million	*RMB million*
Current income tax		
— Hong Kong profits tax	**16**	12
— PRC corporate income tax	**13,876**	4,157
— PRC land appreciation tax	**10,967**	3,159
Deferred income tax		
— PRC corporate income tax	**567**	(447)
— PRC land appreciation tax	**(210)**	329
	25,216	7,210

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) 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 2016: 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.

11. 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.

12. DIVIDENDS

The Board of Directors of the Company resolved not to declare any dividend in respect of the six months ended 30 June 2017 (six months ended 30 June 2016: nil).

13. TRADE AND OTHER RECEIVABLES

	30 June 2017 *RMB million*	31 December 2016 *RMB million*
Trade receivables *(note a)*	**32,864**	24,986
Other receivables	**74,933**	60,790
	107,797	85,776
Less: non-current portion		
Trade receivables *(note a)*	**(6,210)**	(9,342)
Current portion	**101,587**	76,434

As at 30 June 2017 and 31 December 2016, 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 aging analysis of trade receivables at respective balance sheet dates is as follows:

	30 June 2017 *RMB million*	31 December 2016 *RMB million*
Within 90 days	**13,608**	4,344
Over 90 days and within 180 days	**2,095**	3,573
Over 180 days and within 365 days	**3,824**	6,236
Over 365 days	**13,337**	10,833
	32,864	24,986

As at 30 June 2017, trade receivables of RMB1,013 million (31 December 2016: RMB601 million) were past due but not impaired. These accounts are mainly related to a number of customers who did not have a recent history of default, and the Group normally holds collateral or title of the properties before collection of the outstanding balances, the directors of the Company consider that the past due trade receivables would be recovered and no provision was made against past due receivables as at 30 June 2017 (31 December 2016: nil). The aging analysis of these trade receivables is as follows:

	30 June 2017 *RMB million*	31 December 2016 *RMB million*
Within 90 days	**180**	199
Over 90 days and within 180 days	**143**	118
Over 180 days and within 365 days	**280**	57
Over 365 days	**410**	227
	1,013	601

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.

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

14. PREPAYMENTS

	30 June 2017 RMB million	31 December 2016 RMB million
Prepaid business taxes and other taxes	**8,644**	5,816
Prepayments and advances to third parties	**85,391**	59,685
— for acquisition of land use rights	**77,261**	51,988
— for acquisition of subsidiaries	**1,970**	2,535
— others	**6,160**	5,162
	94,035	65,501
Less: non-current portion		
— prepayment for acquisition of property, plant and equipment	**(2,179)**	(2,754)
	91,856	62,747

15. TRADE AND OTHER PAYABLES

	30 June 2017 RMB million	31 December 2016 RMB million
Trade payables	**187,141**	182,994
Other payables	**159,585**	163,809
Payroll payable	**1,423**	1,555
Accrued expenses	**5,339**	4,769
Other taxes payable	**4,433**	1,132
	357,921	354,259
Less: non-current portion of other payables	**(12,014)**	(54,354)
Current portion	**345,907**	299,905

The aging analysis of trade payables is as follows:

	30 June 2017 RMB million	31 December 2016 RMB million
Within one year	**168,551**	162,756
Over one year	**18,590**	20,238
	187,141	182,994

BUSINESS REVIEW

The global economy began a gradual recovery in the first half of 2017, with major developed economies displaying obvious signs of recovery and developing countries showing positive economic trends. The Chinese economy sustained a reasonably high GDP growth rate of 6.9%, as a result of numerous factors, including improving external environment and higher commodity prices, and demonstrated good development patterns with steady growth, upbeat employment rate, stable prices, higher income levels and optimized structure. With further enforcement of the supply-side reform and the orderly implementation of capacity reduction, destocking and deleveraging, the catalyst for future organic economic growth is expected to be released and the real estate market is expected to be further stimulated for growth.

During the first half of the year, various indicators for the real estate industry showed trends of starting strong and stabilizing afterwards. Meaningful indicators such as total investments growth and growth in land purchases exceeded market expectations while monthly total contracted sales amount and total GFA sold during the first quarter stayed above the average monthly figures for the recent year. In the second quarter, the government adopted specific measures targeted at each city's market situation, and differentiated regulatory policies began to emerge among different cities. Tightening measures in overheated cities became more stringent — various home purchase restrictions and lending restrictions escalated and were strictly enforced. As a result, market demand was curbed and growth was slowed down, housing transaction volume fluctuated and industry consolidation intensified.

Facing the complexity of global and domestic markets and competition, the Board made a series of strategic decisions based on its review of the current markets and forward-thinking outlook. The Group will shift its development strategy from pursuing "scale" to pursuing "scale + profitability", and it will shift from following a "three-high, one-low (三高一低)" development model — high debt, high leverage, high turnover and low cost — to following "three-low, one-high (三低一高)" model, which means low debt, low leverage, low cost and high turnover. The strategic transition is aimed to seek growth amid stability, to further implement and deepen the supply-side reform and to capture market opportunities, so that the Group can achieve stable growth in scale, meaningful improvement in profitability and significant lower leverage.

During the first half of 2017, the Group achieved contracted sales of RMB244.09 billion, representing a year-on-year growth of 72.2%. Contracted sales GFA was 24.751 million square meters, representing a year-on-year growth of 49.1%, and the average selling price of RMB9,862 per square meter was 15.5% higher than the same period last year. For the first half of 2017, The Group reported total revenue of RMB187.98 billion, representing a year-on-year growth of 114.8%; gross profit was RMB67.3 billion, a growth of 171.7% from the corresponding period of last year, and net profit was RMB23.13 billion, an increase of 224.4% from the corresponding period of last year. Profit attributable to shareholders was RMB18.83 billion, representing a year-on-year increase of 832.2%. As of 30 June 2017, the Group had a total land reserve of 276 million square meters, with an average cost of RMB1,658 per square meter. As at 30 June 2017, cash balance held by the Group (including cash and cash equivalents and restricted cash) amounted to RMB269.93 billion, and total assets was RMB1,493.0 billion.

The Group further optimized the geographic layout of projects and prudently acquired high quality land reserves for replenishment

The Group began to shift its development strategy from "scale" to "scale + profitability" in 2017. Under this strategy, the Group acquired selected high quality land reserves in a prudent fashion to further optimize the distribution and balance of its land reserves. During the first half of 2017, the Group acquired 152 new pieces of land and acquired land surrounding 18 existing projects. New land parcels acquired are evenly distributed among first-tier, second-tier and third-tier cities, and are located in cities such as Shanghai, Shenzhen, Changsha, Nanjing, Chengdu, Hangzhou, Xi'an, Jinan and Taiyuan. The newly acquired land reserves had a total GFA of 67.636 million square meters and an average cost of RMB2,039 per square meter.

As of 30 June 2017, the Group had a total of 719 projects located in 223 cities across China, covering all first-tier cities, municipalities and provincial capitals (except Taipei and Lhasa), as well as a majority of economically developed prefecture-level cities with high growth potential. Such projects had a total GFA of 276 million square meters, with an original value of RMB457.64 billion. The original value of land reserves in first-tier and second-tier cities amounted to RMB332.42 billion, representing 72.6% of the total value with an average land cost of RMB2,213 per square meter. The original value of land reserves in third-tier cities amounted to RMB125.22 billion, representing 27.4% of the total value with an average cost of RMB996 per square meter.

Contracted sales increased from both price and volume growth

During the Reporting Period, the Group achieved accumulated contracted sales of RMB244.09 billion, contracted sales GFA of 24.751 million square meters and average selling price of RMB9,862 per square meter. During the first half of 2017, the Group launched 74 new projects for sale in 59 cities including Beijing, Shenzhen, Hefei, Changsha, Chengdu, Chongqing, Haikou, Sanya, Dalian, Changchun, and had a total of 546 projects for sale located in 209 cities.

The strong contracted sales performance was mainly attributable to the Group's large scale of operations and large number of available projects for sale, the Group's strong ability to continuously enhance the value-add features of its product, as well as its flexible and practical sales strategy and marketing model. The number of new projects launched for sale also contributed to the growth in contracted sales.

The Group scientifically planned construction cycles, optimized the scale of new construction starts and focused on the progression of sales, construction, completion and delivery

The Group had new construction starts of 41.307 million square meters in the first half of 2017, an increase of 74.3% as compared to 23.689 million square meters for the corresponding period in 2016. As at 30 June 2017, there were 547 projects under construction with a total of 93.634 million square meters, representing an increase of 16.5% as compared to year-end 2016. The completed GFA was 28.038 million square meters, representing a year-on-year increase of 104%. During the Reporting Period, the Group delivered products in 437 projects with total revenue of RMB183.36 billion. The

Board believes that the large scale of development and construction can not only ensure ample saleable resources to support contracted sales, but also lay a solid foundation for subsequent delivery and revenue recognition.

All perpetual bonds were redeemed, with the Group focused on financial management, further extended debt terms and reduced cost of debt.

As at 30 June 2017, the Group had completed the redemption for all perpetual bonds of RMB112.94 billion ahead of its promised time, fulfilling its solemn commitment to the capital market.

During the Reporting Period, the Group newly issued US$6.3 billion senior notes.

In particular, the Group had on 17 March 2017 successfully issued the 7% senior notes due 2020 with a principal amount of US$500 million; the 8.25% senior notes due 2022 with a principal amount of US$1 billion; and on 24 March 2017 successfully issued the 9.5% senior notes due 2024 with a principal amount of US$1 billion.

On 22 June 2017, the Group had successfully issued the 6.25% senior notes, the 7.5% senior notes and the 8.75% senior notes of US$3.8 billion in aggregate with maturity of four years, six years and eight years respectively. Proceeds raised from the issue of the aforesaid senior notes are used to repay the indebtedness of the Group with higher interest rate and as general working capital.

Meanwhile, on 8 June 2017, the Group conducted an exchange offer for three series of senior notes with maturity from 2018 to 2020 totalling US$3.2 billion (the "**Old Notes**"). On 22 June 2017, the Group has successfully exchanged US$2.54 billion, representing 79.3% of the total Old Notes, and exchanged to US$2.82 billion new notes maturing on 2021, 2023 and 2025 respectively in aggregate when including the premiums and the unpaid interest payables for early redemption. The Group had fully redeemed outstanding Old Notes of US$660 million on 8 August 2017.

The exchange offer and the issue of new bonds extended the offshore maturity of senior notes for the Group, improved the debt structure and reduced financing cost, which will strengthen the Company's stable growth in the future. Moreover, the Group does not have any outstanding offshore senior notes payable before 2020.

The Group completed its layout on segment diversification, and transformed from "real estate" to "real estate + services".

As at the end of 2016, the Group completed its layout on segment diversification of "real estate as foundation, finance and healthcare as supplementary segments and cultural tourism as leading segment" and the transformation from "real estate" to "real estate + services", and successfully entered the Fortune Global 500.

Evergrande Finance Group is a financial holding group with integrated diversified financial services, including banking, insurance and internet finance. It holds 17.28% equity interest in Shengjing Bank and is its largest shareholder. During the first half of the year, the original premium income of

Evergrande Life amounted to RMB15.5 billion, up by 462% period-on-period, representing 72% of total premium income. Premium income from new insurance policies amounted to RMB2.89 billion, increased by 56 times period-on-period. Total assets amounted to RMB88.6 billion, up by 99% period-on-period. Meanwhile, the Group is also engaged in the internet finance business with registered users in hdfax.com exceeding 17.10 million.

Evergrande Tourism Group is an integrated tourism real estate developer and operator with a focus on its flagship product — Evergrande Fairyland. The group had a total of 8 cultural tourism projects in Ocean Flower Island, Qidong, Changsha, Guiyang, Kaifeng, Zhenjiang, Suzhou and Cangzhou. The total area of land reserve for tourism was 26.64 million square meters. During the first half of the year, the contracted sales amounted to RMB13.99 billion, with total area under construction of 11.88 million square meters.

Evergrande Health Group is a large and comprehensive healthcare group which integrates the full life-cycle health community "Evergrande • Elderly Care Valley", new high-end international hospitals and community healthcare services.

BUSINESS OUTLOOK

Looking forward to the second half of 2017, the Board believes the Chinese economy will maintain the stable and favorable trend. As in-depth reforms are further implemented in major sectors and key areas and produce desirable results, together with the collaborative efforts from the cultivation of new impetus and transformation of traditional impetus, China's economy will maintain stable and fast growth. In recent years, the Chinese government put much more effort into eliminating bubbles in the real estate market by focusing on the nature of residence for housing and delegating the responsibilities to the local governments. It also speeded up the establishment and enhancement of the long-term mechanism for promoting the stable and healthy development of the real estate market and improving the housing system focusing on both lease and sale so as to satisfy the needs at different levels in the market and provide basic support by government. In 2017, adjustments in both volume and price will take place in the real estate market with intensified differentiation. Faster consolidation, classified adjustment and control and policy implementation depending on specific cities will continue to be the main tone of the regulation in the real estate market. By correctly anticipating market directions and adhering to the development strategy of "diversification + scale + brand", the Group will leverage on its advantages and proactively follow its development strategy transition from "scale" to "scale + profitability" so as to lead the industry to sustain stable and balanced development and progress.

The Board will continue to review the development trend and state of the economy and real estate market in China in a prudent and pragmatic manner. It will look for new opportunities with the pioneering spirit and determination in innovation. Meanwhile, the Group will continue to emphasize sales and marketing, monitor construction progress rationally, follow the "three-low, one high" development model "(三低一高)", i.e. low debt, low leverage, low cost and high turnover, moderately reduce the size of land reserves in order to further improve profitability, reduce gearing ratio and maintain the stable development of the Company.

Strategic Transition

The Group strives to implement transition in its development strategy and development model

The Group has accomplished rapid annual growth over the past two decades as demonstrated by major operating and financial metrics. In 2016 and the first half of 2017, China Evergrande ranked first in terms of sales[(1)] attributable to the Group.

In 2017, starting a new chapter in its development history, the Group has made important decisions on future development strategy and development model. The Group's development strategy will transition from "scale" to "scale + profitability", while the development model will transition from "three-high, one-low (三高一低)" to "three-low, one-high (三低一高)", i.e. low debt, low leverage, low cost and high turnover. The Group has set a target to reduce the net debt ratio of the Company from the current 240% to around 70% by 30 June 2020 through various measures, including planned annual reduction of land reserves by approximately 5% to 10% from July 2017 to June 2020, planned introduction of the third round of strategic investments of RMB30 to 50 billion by Hengda Real Estate Group Company Limited, and further growth of profits to increase our equity base.

Land Reserves

In the second half of the year, under the development strategy of "scale + profitability", the Group will start to reduce the total scale of land reserve and land expenses. It will replenish quality land reserves only in necessary regions in a prudent and practical manner. Meanwhile, the Group will consider to use cost effective methods such as acquisition and merger and co-development to acquire projects in the next stage of project expansion.

Contracted Sales

The Group will ensure it has sufficient inventory, formulate its regional sales plan in line with key focus areas, continue to review the sales result on a monthly basis and adjust the sales strategy in a timely and flexible manner. In the second half of the year, there will be abundant saleable resources, located in regions such as Beijing, Shanghai, Guangdong, Chongqing, Jinan, Zhengzhou, Nanjing, Hefei, Changchun, Dalian and Dongguan. The Group will capitalize on market timing and selectively launch new projects for sale in accordance with overall market needs. Apart from this, the Group will also arrange for sales of commercial premises, which is expected to effectively supplement the contracted sales of the entire year.

With regard to pricing strategy, the Group will maintain a balance between the selling price and sales volume based on the market trend. Given the remarkable sales performance in the first half of the year and the Group's exceptional execution capability and product strength, the Board is confident that the Group can achieve its full year contract sales target.

(1) The sales data was extracted from the ranking of real estate enterprises in China in terms of sales in the first half of 2017 of CRIC.

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Performance

The Group recorded revenue of RMB187.98 billion for the Reporting Period (2016H1: RMB87.50 billion), representing a year-on-year growth of 114.8%. Gross profit amounted to RMB67.30 billion (2016H1: RMB24.77 billion), representing a year-on-year growth of 171.7%.

Core business profit was RMB27.30 billion for the Reporting Period, which is calculated based on the net profit excluding fair value gains on investment properties, exchange losses, losses on financial assets at fair value through profit or loss, other losses and one-off donation. The core business profit margin was 14.5% for the Reporting Period.

Revenue

During the Reporting Period, the revenue is RMB187.98 billion. A growth rate of 114.8% in revenue was recorded as compared with the six months ended 30 June 2016. Revenue generated from the property development segment increased by 119.0% to RMB183.36 billion. The increase was mainly due to the property area of recognized sales increased by 83.8% as compared with the corresponding period of 2016 and the average selling price of the properties increased by 19.2% as compared with the corresponding period of 2016. Revenue generated from property management amounted to RMB1.30 billion, an increase of 87.7% from the six months ended 30 June 2016. Revenue generated from investment properties amounted to RMB328 million, up by 27.1%, which was mainly from rental income of the properties.

Gross Profit

Gross profit of the Group was RMB67.30 billion for the Reporting Period, representing a 171.7% growth as compared with the corresponding period of last year. Increase in gross profit was mainly attributable to 83.8% of growth in the delivered property area in the corresponding period of 2016. Sales of properties could only be recognized upon delivery. Gross profit rate is 35.8%, up by 7.5 percentage points comparing to the same period of 2016.

Fair Value Gain on Investment Properties

Fair value gain of investment properties of the Group for the Reporting Period was RMB6.00 billion, representing an increase of 82.8% as compared with the corresponding period of 2016. Investment properties of the Group mainly include commercial podiums in living communities, office buildings with gross floor area of about 7.37 million square meters and approximately 410,000 car parking spaces.

Other losses, net

Other net losses were RMB7.02 billion for the Reporting Period. It is mainly attributable to the disposal loss of the Vanke A shares, amounting to RMB7.18 billion.

Selling and Marketing Costs

During the Reporting Period, selling and marketing costs of the Group decreased from RMB8.03 billion for the corresponding period of 2016 to RMB7.82 billion, which was mainly attributable to more promotion activities through internet sales channel. We made full use of our in-house developed mobile phone application, named "Hengfangtong" or "恒房通", to promote property sales. A series of cost-controlling measures were implemented during the Reporting Period to ensure that the Group did not overrun selling and marketing budgets on basis of contract sales amount.

Administrative Expenses

During the Reporting Period, administrative expenses of the Group increased to RMB5.43 billion from RMB3.66 billion for the corresponding period of 2016, which was mainly attributable to the continuous expansion of the Group's nation-wide business for the Reporting Period. The level of staff remuneration also increased.

Borrowings

As at 30 June 2017, the borrowings of the Group amounted to RMB673.49 billion, with the following maturities:

	30 June 2017 *(RMB billion)*	**As percentage of total borrowings**	31 December 2016 *(RMB billion)*	As percentage of total borrowings
Less than 1 year	**292.3**	**43.4%**	202.9	37.9%
1–2 years	**168.6**	**25.0%**	161.3	30.1%
2–5 years	**165.1**	**24.5%**	158.7	29.7%
More than 5 years	**47.5**	**7.1%**	12.2	2.3%
	673.5	**100.0%**	535.1	100.0%

A portion of the borrowings were secured by pledge of the property 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 at an average effective interest rate of 8.30% per annum (corresponding period of 2016: 8.46%).

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 approximately 19% of borrowings denominated in foreign currencies, such as EUR, US$, HK$ and etc.

We estimate that the Renminbi exchange rate will continue its two-way volatility as Renminbi exchange mechanism becomes more market-oriented. We incurred less exchange loss in the Reporting Period. 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. Since 2016, the Group has been increasing certain of its offshore borrowings in currencies other than US$ and HK$ in order to diversify the exchange risk. The Group has not entered into any significant forward exchange contract to hedge its exposure to foreign exchange risk.

Liquidity

As at 30 June 2017, the total amount of cash and cash equivalents and restricted cash of the Group was RMB269.93 billion. The abundant working capital provided opportunities for the Group to seek the best business opportunities and provided adequate financial support to its rapid development.

LAND RESERVES

During the Reporting Period, the Group acquired 152 pieces of land as reserves, covering 90 cities such as Shanghai, Shenzhen, Changsha, Nanjing, Chengdu, Hangzhou, Xi'an, Jinan and Taiyuan. The newly acquired land reserve/planned GFA was approximately 67.636 million square meters and the average acquisition cost was RMB2,039 per square meter.

Distribution of newly acquired land reserves of the Group in the first half of 2017

No.	Province/City*	Name of Project	Land reserve original value *(RMB 100 million)*	Land reserve area *('000 m^2)*	Average land cost *(RMB/m^2)*	Actual shareholding
1	Shanghai	Evergrande Bay Palace Shanghai	11.57	47.17	24,539	100.0%
2		Evergrande Fairyland in Taicang	0.97	75.48	1,289	100.0%
3	Shenzhen	Evergrande City Lights Shenzhen	35.00	275.89	12,687	100.0%
4		Evergrande Lake of General Huizhou	13.57	403.44	3,362	100.0%
5		Evergrande Emerald County Huizhou	3.50	84.00	4,167	100.0%
6		Evergrande Billow Palace Huizhou	4.91	126.00	3,900	51.0%
7		Evergrande Linxi Town Huizhou	14.30	596.03	2,400	100.0%
8		Evergrande Royal Lake County Huizhou	3.65	127.90	2,850	100.0%
9	Guangzhou	Evergrande Royal Creek Valley Qingyuan	7.37	188.05	3,917	100.0%
10	Changsha	Evergrande Jade Palace Changsha	7.06	166.76	4,232	100.0%
11		Evergrande Shanglin Garden Changsha	3.47	99.80	3,482	100.0%
12		Evergrande Palace of Glory Changsha	9.15	178.03	5,139	90.0%
13	Nanjing	Evergrande Linxi Town Nanjing	8.05	61.44	13,102	100.0%
14		Evergrande Riverside Mansion Nanjing	10.29	138.51	7,428	51.0%
15		Evergrande Fairyland in Jurong	0.56	255.66	218	100.0%
16	Chengdu	Evergrande Jade Pavilion Chengdu	8.91	147.35	6,049	100.0%
17		Evergrande Linxi Town Chengdu	7.22	529.27	1,364	100.0%
18	Hangzhou	Evergrande Yue Long Mansion Hangzhou	36.20	119.13	30,387	100.0%
19	Xi'an	Evergrande Atrium Gaoling	2.88	480.05	600	100.0%
20	Jinan	Evergrande Fortune Center Jinan	2.53	179.95	1,404	100.0%
21	Taiyuan	Evergrande Fairyland Taiyuan	2.60	326.00	799	100.0%
22		Evergrande Royal Palace Taiyuan	4.55	111.84	4,071	100.0%
23	Nanchang	Evergrande Grande Palace Nanchang	10.65	144.20	7,386	100.0%
24		Evergrande Light of Times Nanchang	17.93	203.83	8,798	100.0%
25		Evergrande Yue Long Mansion Nanchang	60.03	661.50	9,074	100.0%
26	Harbin	Evergrande Times Square Harbin	42.13	1,168.91	3,604	100.0%
27	Changchun	Evergrande Aquatic Manor Changchun	5.30	255.37	2,076	62.0%
28	Shenyang	Evergrande Central Plaza Shenyang	12.51	1,480.52	845	100.0%
29		Evergrande Yue Long Court Shenyang	3.78	161.93	2,334	100.0%
30		Evergrande Yihe Shengjing Family Shenyang	5.10	526.57	969	70.0%
31		Evergrande Shengjing Jade Garden Shenyang	4.17	260.22	1,601	100.0%
32	Hohhot	Evergrande Oasis Horhot	7.10	477.47	1,487	51.0%
33	Shijiazhuang	Evergrande Central Plaza Shijiazhuang	18.60	131.32	14,167	100.0%
34		Evergrande International Center Shijiazhuang	43.76	656.00	6,671	100.0%

* Categorized by target customer group

No.	Province/City	Name of Project	Land reserve original value *(RMB 100 million)*	Land reserve area *('000 m^2)*	Average land cost *(RMB/m^2)*	Actual shareholding
35	Guiyang	Evergrande Left Riverfront Guiyang	5.93	469.16	1,263	90.0%
36		Evergrande Royal Palace Guiyang	7.00	270.55	2,587	100.0%
37	Kunming	Evergrande Left Riverfront Kunming	14.68	538.97	2,724	51.0%
38		Evergrande Emerald County Kunming	3.84	106.85	3,592	100.0%
39	Haikou	Evergrande Yue Long Bay Wanning	5.77	195.61	2,952	100.0%
40	Urumchi	Evergrande City Lights Urumchi	3.40	207.74	1,637	100.0%
41	Chongqing	Evergrande Smart Eco-city Chongqing	3.23	112.24	2,873	100.0%
42		Evergrande Green Island Chongqing	28.33	482.80	5,868	51.0%
43		Evergrande Golden Block Chongqing	0.61	12.26	4,996	51.0%
44		Evergrande Left Lakefront Chongqing	2.73	195.00	1,400	100.0%
45	Tianjin	Evergrande Phoenix Manor Tianjin	2.60	175.68	1,480	100.0%
46	Qingdao	Evergrande Yue Long Court Qingdao	10.00	361.13	2,769	100.0%
47		Evergrande Royal Dragon Bay Qingdao	18.15	625.64	2,901	100.0%
48		Evergrande Royal Billow International Qingdao	1.49	214.23	695	100.0%
49	Ningbo	Fenghua Xikou Project	4.73	330.45	1,432	100.0%
50	Wuxi	Evergrande Paradise Palace Wuxi	18.60	159.15	11,687	100.0%
51		Evergrande Billow Palace Wuxi	29.50	363.50	8,116	100.0%
52	Foshan	Evergrande Scenic Palace Foshan	20.23	666.80	3,034	100.0%
53		Evergrande Royal Riverfront Palace Foshan	1.85	71.81	2,576	100.0%
54		Evergrande Lake County Foshan	3.50	459.72	761	51.0%
55		Evergrande Yundonghai Project Foshan	28.85	628.94	4,587	100.0%
56	Quanzhou	Evergrande Atrium Quanzhou	1.28	198.91	644	100.0%
57	Zhengzhou	Evergrande Fairyland Kaifeng	10.54	839.39	1,256	100.0%
58	Guangdong	Evergrande Jinbi Bay Shantou	4.20	884.72	475	65.0%
59		Evergrande Royal View Garden Yangjiang	1.60	201.80	793	100.0%
60		Evergrande Royal Lake Zhaoqing	9.10	883.16	1,030	100.0%
61		Evergrande Royal Palace Zhongshan	13.42	265.17	5,060	100.0%
62		Evergrande Royal Scenic Zhongshan	3.65	237.31	1,540	51.0%
63		Evergrande Atrium Zhongshan	1.90	85.88	2,212	100.0%
64		Evergrande Atrium Huizhou	1.50	182.96	820	100.0%
65		Evergrande Yue Long Mansion Yangjiang	5.81	231.63	2,508	100.0%
66		Evergrande Atrium Huizhou	1.61	191.46	839	100.0%
67		Zhuhai Zhuofu Project	21.00	67.94	30,910	100.0%
68		Evergrande Left Riverfront Heyuan	8.39	300.00	2,797	100.0%
69	Zhejiang	Evergrande City Galaxy Project Taizhou	7.27	197.58	3,680	100.0%
70		Evergrande Royal Mansion Shaoxing	5.52	116.70	4,730	100.0%
71		Evergrande Future City Shaoxing	16.55	636.67	2,599	100.0%
72		Evergrande Billow Bay Wenzhou	16.80	148.63	11,304	100.0%
73		Evergrande Yue Long Mansion Shaoxing	9.70	227.56	4,263	100.0%
74		Evergrande River Royal Palace Shaoxing	7.29	151.94	4,799	100.0%
75		Evergrande Royal Palace Shaoxing	5.43	129.66	4,186	100.0%
76		Evergrande Palace of Pleasure Wenzhou	13.00	146.03	8,902	100.0%
77	Jiangsu	Evergrande Ecological County Lianyungang	2.84	206.00	1,377	100.0%
78		Evergrande Royal Scenic Peninsula Jingjiang	11.60	694.94	1,670	51.0%

No.	Province/City	Name of Project	Land reserve original value *(RMB 100 million)*	Land reserve area *('000 m^2)*	Average land cost *(RMB/m^2)*	Actual shareholding
79		Evergrande Royal Peak Lianyugang	1.80	173.93	1,035	100.0%
80		Evergrande Left Riverfront Yizheng	2.22	177.22	1,252	100.0%
81		Evergrande Yue Long Mansion Yangzhou	8.44	116.33	7,258	100.0%
82		Evergrande Emerald Court Yangzhou	11.47	197.64	5,806	100.0%
83		Evergrande Palace Yangzhou	16.16	186.13	8,683	100.0%
84		Evergrande Royal Palace Zhenjiang	0.90	76.61	1,175	100.0%
85		Evergrande Linxi Town Xuzhou	1.02	322.30	316	100.0%
86		Evergrande Yue Long Bay Nantong	3.40	188.38	1,805	100.0%
87		Evergrande Emerald County Yancheng	1.23	110.22	1,117	100.0%
88		Evergrande Billow Bay Yancheng	12.18	229.60	5,306	100.0%
89		Evergrande Royal Lakeside Yangzhou	2.90	240.80	1,204	90.0%
90		Evergrande Palace Zhenjiang	23.39	275.50	8,490	100.0%
91		Evergrande Palace Taizhou	22.42	620.10	3,615	100.0%
92	Henan	Evergrande Metropolis Hebi	2.25	269.19	835	100.0%
93		Evergrande Yue Long Bay Puyang	3.59	251.09	1,429	100.0%
94		Evergrande Palace of Pleasure Xuchang	2.23	215.32	1,036	51.0%
95		Evergrande Royal View Garden Lankao	1.48	533.26	277	100.0%
96		Evergrande Royal View Garden Taikang	1.01	143.82	701	100.0%
97	Hebei	Evergrande Royal Scenic Peninsula Handan	16.95	761.00	2,227	51.0%
98		Evergrande Oasis Handan	7.50	337.00	2,227	51.0%
99		Evergrande Seine River Handan (Evergrande Dragon Court Handan)	3.41	153.00	2,227	51.0%
100		Taihongsen Mall Project Handan (P.1)	2.69	121.00	2,227	51.0%
/		Evergrande Dragon Court Handan (P.2)	3.59	161.00	2,227	51.0%
/		Evergrande Blooming Garden Handan	0.73	33.00	2,227	51.0%
/		Evergrande Rainbow Town Handan	0.96	43.00	2,227	51.0%
101		Evergrande Palace of Pleasure Cangzhou	12.15	152.16	7,985	100.0%
102		Evergrande Splendid Mansion Handan	9.13	430.18	2,121	60.0%
103		Evergrande Fairyland Cangzhou	4.09	2,653.65	154	100.0%
104	Hunan	Evergrande Literary Xiangtan	2.29	414.01	552	60.0%
105		Evergrande Royal Scenic Bay Zhuzhou	0.52	136.77	384	62.0%
106		Evergrande Royal Scenic Bay Yueyang	1.37	180.39	760	65.0%
107		Evergrande Scenic Bay Huaihua	1.35	237.88	566	60.0%
108		Evergrande Linxin Town Zhuzhou	4.69	251.79	1,864	100.0%
109		Evergrande Coronation Changde	11.93	284.88	4,188	100.0%
110		Evergrande Future City Shaoyang	9.08	660.65	1,375	64.0%
111	Hubei	Evergrande Royal View Garden Jingmen	1.43	197.77	723	100.0%
112		Evergrande Royal Scenic Valley Jinzhou	2.83	256.94	1,100	100.0%
113		Evergrande Royal Scenic Xiangyang	1.46	94.56	1,545	55.0%
114		Evergrande City Shiyan	20.84	1,623.43	1,284	51.0%
115		Evergrande Royal View Garden Huangshi	2.80	157.05	1,783	100.0%
116		Evergrande Royal Palace Xiangyang	11.19	295.10	3,792	100.0%
117		Evergrande Metropolis Huangshi	1.76	212.88	825	51.0%
118		Evergrande Metropolis Yichang	3.37	322.00	1,047	70.0%
119	Sichuan	Evergrande City Nanchong	2.09	173.36	1,207	100.0%

No.	Province/City	Name of Project	Land reserve original value *(RMB 100 million)*	Land reserve area *('000 m^2)*	Average land cost *(RMB/m^2)*	Actual shareholding
120		Evergrande Yue Long Mansion Nanchong	5.03	292.40	1,719	100.0%
121		Evergrande Yonghe Bay Dazhou	2.72	425.66	639	100.0%
122		Evergrande Dujiang Home Chengdu	0.13	58.12	231	100.0%
123	Shandong	Evergrande ZhengCheng Family Project Zibo	8.83	416.62	2,119	60.0%
124		Laiyang Cross Bay Project	28.91	12,329.42	234	90.0%
125	Shanxi	Evergrande Yue Long Mansion Linfen	4.04	261.00	1,549	55.0%
126		Evergrande Royal Palace Lvliang	2.15	263.50	816	80.0%
127	Shaanxi	Evergrande Royal View Garden Hanzhong	1.43	168.00	853	100.0%
128		Evergrande Royal View Garden Xianyang	4.09	425.31	962	100.0%
129		Evergrande Royal Scenic Baoji	1.30	213.50	611	100.0%
130		Evergrande Royal Scenic Peninsula Ankang	4.59	383.82	1,196	100.0%
131	Jiangxi	Evergrande Royal Palace Pingxiang	4.02	362.80	1,108	100.0%
132		Evergrande Palace of Pleasure Ganzhou	2.20	107.73	2,038	100.0%
133		Evergrande Yue Long Mansion Ganzhou	7.82	298.24	2,623	100.0%
134		Evergrande Royal Scenic Yichun	4.13	200.30	2,060	70.0%
135		Evergrande Bay Ganzhou	11.69	323.46	3,613	100.0%
136	Anhui	Evergrande Royal City Project Xuancheng	5.45	287.02	1,899	100.0%
137		Evergrande Unique One Project Anqing	13.38	461.92	2,897	100.0%
138		Evergrande Royal Scenic Bozhou	1.27	219.74	580	70.0%
139		Evergrande Royal Scenic Bay Huaibei	1.70	200.16	849	100.0%
140		Evergrande Yue Long Mansion Huangshan	2.96	230.94	1,283	100.0%
141		Evergrande Royal Palace Wuhu	4.29	451.90	950	100.0%
142	Fujian	Evergrande Royal View Garden Zhangzhou	13.30	87.76	15,154	100.0%
143	Guangxi	Evergrande Scholastic Mansion Qinzhou	2.20	273.61	804	100.0%
144		Evergrande City Fangchenggang	1.62	236.95	685	100.0%
145		Evergrande Oasis Wuzhou	4.39	531.80	826	100.0%
146		Evergrande Royal Scenic Yulin	1.90	166.67	1,140	100.0%
147	Jilin	Evergrande Palace One Siping	2.83	308.92	917	100.0%
148		Evergrande Left Riverside Jilin	3.64	174.29	2,086	100.0%
149	Liaoning	Evergrande Riverside Panjin	6.28	885.36	709	100.0%
150	Heilongjiang	Evergrande Royal Lakeside Manor Daqing	4.90	296.70	1,652	100.0%
151	Yunnan	Evergrande Oasis Qujing	2.36	664.13	355	100.0%
152	Inner Mongolia	Evergrande City Tongliao	2.64	252.39	1,045	51.0%
		Sub-total for new projects	1,250.88	61,651.85	2,029	

No.	Province	Name of Project	**Land reserve original value** *(RMB 100 million)*	**Land reserve area** *('000 m^2)*	**Average land cost** *(RMB/m^2)*	**Actual shareholding**
Land Expansion Projects:						
1		Evergrande Bay Jiujiang	2.88	184.69	1,559	100.0%
2		Evergrande Verakin New Park City Chongqing	1.41	89.43	1,578	100.0%
3		Evergrande Linxi Town Shijiazhuang	0.39	33.32	1,162	63.0%
4		Fumeng Project Xiaoguiwan Huizhou	30.23	225.00	13,436	100.0%
5		Evergrande Linxi Town and Wave Court Changsha	4.20	286.99	1,465	90.0%
6		Evergrande Royal Garden Harbin P.3	12.01	138.30	8,684	100.0%
7		Evergrande City Zhengzhou P.3	12.14	600.53	2,021	51.0%
8		Evergrande Royal Scenic Peninsula Laishui P.2	0.18	20.30	863	65.0%
9		Evergrande Emerald Court of Dragon Xinyang	1.44	154.90	930	58.0%
10		Evergrande Oasis Wuzhou	3.73	395.75	942	100.0%
11		Evergrande City Guigang	3.31	45.95	7,214	55.0%
12		Evergrande Royal Scenic Peninsula Yinchuan	3.72	239.92	1,550	80.0%
13		Evergrande Forest creek County Changsha	4.91	186.27	2,634	73.0%
14		Evergrande Emerald Court Jinan P.2	6.42	234.22	2,743	100.0%
15		Evergrande Century Plaza Jinan P.2	2.16	84.00	2,571	100.0%
16		Evergrande Palace Jinan P.2	3.69	141.57	2,607	100.0%
17		Evergrande Fairyland Changsha	4.53	312.29	1,450	100.0%
18		Evergrande Fairyland Guiyang	30.86	2,610.81	1,182	100.0%
		Sub-total for land expansion projects	128.21	5,984.23	2,142	
		Total for newly acquired land reserves	1,379.08	67,636.08	2,039	

CONTRACTED SALES

During the Reporting Period, the Group achieved contracted sales amount of RMB244.09 billion. The area of the contracted sales was 24.751 million square meters, while the average price of the contracted sales amounted to RMB9,862 per square meter. During the first half of the year, the Group launched 74 new projects for sale. As at 30 June 2017, the accumulated number of projects for sale was 546, spanning across 30 provinces, direct-controlled municipalities, autonomous regions and 209 cities in China.

Regional Distribution of Contracted Sales for the Period

No.	Province	Contracted Sales Amount *(in RMB million)*	Percentage
1	Guangdong Province	26,622	10.91%
2	Anhui Province	9,409	3.85%
3	Guangxi Zhuang Autonomous Region	11,265	4.62%
4	Zhejiang Province	5,826	2.39%
5	Jiangsu Province	15,088	6.18%
6	Shanghai	5,460	2.24%
7	Henan Province	21,923	8.98%
8	Shaanxi Province	5,074	2.08%
9	Hunan Province	9,009	3.69%
10	Beijing	6,132	2.51%
11	Tianjin	3,772	1.55%
12	Hebei Province	10,817	4.43%
13	Inner Mongolia Autonomous Region	2,325	0.95%
14	Jiangxi Province	9,868	4.04%
15	Xinjiang Uyghur Autonomous Region	234	0.10%
16	Hubei Province	11,731	4.81%
17	Shanxi Province	4,946	2.03%
18	Shandong Province	15,136	6.20%
19	Hainan Province	17,233	7.06%
20	Sichuan Province	10,793	4.42%
21	Fujian Province	6,153	2.52%
22	Gansu Province	4,242	1.74%
23	Qinghai Province	146	0.06%
24	Ningxia Hui Autonomous Region	413	0.17%
25	Chongqing	10,188	4.17%
26	Guizhou Province	7,480	3.06%
27	Yunnan Province	3,367	1.38%
28	Jilin Province	1,824	0.75%
29	Heilongjiang Province	2,923	1.20%
30	Liaoning Province	4,691	1.92%
	Total	244,093	100.00%

As of the end of July 2017, the Group has achieved a sales amount of RMB288.25 billion year-to-date, while the contracted sales area was 29.147 million square meters.

PROPERTY DEVELOPMENT

As of the end of the period, the Group's area under construction was 93.634 million square meters, involving 547 projects under construction.

During the Reporting Period, the Group had 305 partly completed projects. The total completed GFA reached 28.038 million square meters.

The following table sets forth the completed areas of each province.

No.	**Province**	**Area** *(in thousands square meters)*	*Percentage*
1	Anhui Province	1,405	5.0%
2	Beijing	121	0.4%
3	Fujian Province	848	3.0%
4	Gansu Province	681	2.4%
5	Guangdong Province	2,197	7.8%
6	Guangxi Zhuang Autonomous Region	1,233	4.4%
7	Guizhou Province	1,175	4.2%
8	Hainan Province	1,177	4.2%
9	Hebei Province	1,759	6.3%
10	Henan Province	3,015	10.8%
11	Heilongjiang Province	1,238	4.4%
12	Hubei Province	754	2.7%
13	Hunan Province	1,454	5.2%
14	Jilin Province	391	1.4%
15	Jiangsu Province	924	3.3%
16	Jiangxi Province	879	3.1%
17	Liaoning Province	701	2.5%
18	Inner Mongolia Autonomous Region	189	0.7%
19	Ningxia Hui Autonomous Region	94	0.3%
20	Shandong Province	2,457	8.8%
21	Shanxi Province	902	3.2%
22	Shaanxi Province	592	2.1%
23	Shanghai	183	0.7%
24	Sichuan Province	977	3.5%
25	Tianjin	510	1.8%
26	Xinjiang Uyghur Autonomous Region	152	0.5%
27	Yunnan Province	342	1.2%
28	Zhejiang Province	999	3.6%
29	Chongqing	687	2.4%
	Total	28,038	100.0%

During the period, the Group delivered a total of 437 projects with a delivery value of RMB183.36 billion, representing a year-on-year increase of 119.0%.

CORPORATE SOCIAL RESPONSIBILITY

The Group, while maintaining focus on its steady and rapid growth, continued to commit itself to charity and public welfare work relating to people's livelihood, poverty, education, environmental protection, sports and others and fulfilled corporate social responsibility and made contributions to the harmony and progression of 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 general public. In addition to keeping in place the measure of "return with no reason required" to protect home-buyers' interests, the Group, as a developer delivering all types of fully fitted properties, had established strategic alliance with 861 renowned domestic and overseas supplier companies, and held the 2017 strategic cooperation — management summit in March this year to foster the strategic cooperation between leading upstream and downstream companies, integrate strong industry chains and support the healthy development of the real estate market.

With regard to poverty alleviation, the Group has initiated its poverty alleviation plan for 貴州省畢節市大方縣 (Dafang County, Bijie, Guizhou) since December 2015 under the support and encouragement of the CPPCC National Committee. The plan was to ensure all of the 180,000 people in poverty in Dafang are lifted out of poverty by the end of 2018 through a charitable donation of RMB3.0 billion in three years. The poverty alleviation measures focus on specific industries, relocation and employment plans and have covered 80% of the poverty population. All the 103 featured poverty alleviation projects were completed, helping 80,500 people out of poverty at the first stage. Apart from Dafang, the Group further committed to the poverty alleviation work for six counties and three areas in Bijie in May this year, sending an extra team of over 1,800 members to the region.

Regarding education, the Group continued to develop its education work through donations of RMB8 million to 杭州西湖區教育基金會 (the Hangzhou Xihu Education Foundation) in January 2017, RMB3 million to 深圳市教育發展基金會 (the Shenzhen Education Fund) in February, RMB20 million to 武漢科技大學教育發展基金會 (the Wuhan University of Science and Technology Education & Development Foundation) in June and RMB10 million to Tsinghua University. The Group continue to cooperate with top universities and institutions around the world to encourage the research, application and promotion of green architecture.

In respect of employment, the Group joined placement programs of universities and communities and offered promising positions and chances of career development to professionals.

As for sports, the Group carried on to make contributions to China's sports development. Guangzhou Evergrande Football Club of the Group is leading the Chinese Super League in season 2017. It has entered the quarter-final of the AFC Champions League as well as the semi-final of the CFA Cup. Evergrande Football School had approximately 3,000 students. It is of the largest scale and has the best facilities in the world, and is nurturing talents for the strategic goal of "all Chinese football players in 2020" and contribute to the rise of Chinese football.

AWARDS

During the period under review, the Group won multiple awards. It ranked 338th in the Fortune Global 500 and 29th in the China Top 500. The Group ranked first in industry competitiveness in the Top 500 China Real Estate Developers and was awarded first place in Top 100 China Real Estate Developers. It also ranks first in Top 10 Comprehensive Developers, Top 10 Tourism Real Estate Enterprises, Top 10 Responsible Real Estate Enterprises, Top 10 City Coverage Enterprises and Top 10 Innovation Capability Enterprises.

HUMAN RESOURCES

As at 30 June 2017, the Group had a total of 102,454 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. During the first half of the year, the Group recruited 3,622 fresh graduates through open recruitment, including 358 fresh graduates from top 10 colleges and universities such as Beijing University and Tsinghua University.

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 has helped the Group create a harmonious working environment and positive interaction between the Group and its staff. As at 30 June 2017, the total staff cost of the Group (including directors' remuneration) was approximately RMB7.41 billion (for the same period in 2016: approximately RMB6.08 billion).

INTERIM DIVIDEND

As the Group is undergoing a spin-off reorganisation, in accordance with Question 10 of the "Revised Frequently Asked Questions and Answers for Laws and Regulations for the Regulation of Listed Issuers" (《上市公司監管法律法規常見問題與解答修訂匯編》) of China Securities Regulatory Commission, the Board resolved not to declare an interim dividend for the six months ended 30 June 2017 at this time. Upon completion of the spin-off reorganisation, the Company will declare a special dividend in respect of 50% of the distributable profits of the Company for the whole year of 2016 and the first half year of 2017 to the shareholders of the Company.

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

During the six months ended 30 June 2017, the Company repurchased an aggregate of 722,972,000 shares from the market. All the repurchased shares have been cancelled. The Directors believe that the repurchases of shares would lead to an enhancement of the net value of the Group and its assets and/or its earnings per share. Details of the repurchases of the shares of the Company are as follows:

Month of repurchase	Number of shares repurchased	Highest price per share *HK$*	Lowest price per share *HK$*	Aggregate purchase price *HK$*
March 2017	33,692,000	6.80	6.21	221, 855,930
April 2017	689,280,000	9.31	8.00	6,066,505,690
	722,972,000			6,288,361,620

On 17 March 2017, the Company announced the issue of 7% US$500 million notes due 2020 and 8.25% US$1 billion notes due 2022. On 24 March 2017, the Company announced the issue of 9.5% US$1 billion notes due 2024.

On 8 June 2017, the Company announced, among others, an exchange offer for three series of senior notes maturing on 2018 (8.75%), 2019 (7.8% and 8.0%) and 2020 (12.0%) (the "**Old Notes**") by the issue of three series of new notes maturing on 2021, 2023 and 2025, a total amount of US$2.82 billion new notes were eventually issued pursuant to the exchange offer.

On 22 June 2017, the Company announced the issue of 6.25% US$500 million notes due 2021, 7.5% US$1 billion due 2023, and 8.75% US$2.3 billion notes due 2025. On 8 August 2017, the Company completed the redemption of the remaining outstanding Old Notes.

All of the new notes issued as described 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 2016.

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.

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 2017 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 15 June 2017 due to his other business commitment, Mr. Pan Darong, an executive Director, was appointed chairman for the meeting.

REVIEW OF INTERIM REPORT BY AUDIT COMMITTEE

The unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2017 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 2017, and discussed with the Company's management regarding review, internal control and other relevant matters.

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
China Evergrande Group
Hui Ka Yan
Chairman

Hong Kong, 28 August 2017

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