恒大地產集團®
EVERGRANDE REAL ESTATE GROUP

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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3333)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

FINANCIAL HIGHLIGHTS

1. Revenue for the six months ended 30 June 2013 increased by 13.3% from RMB37.04 billion in the corresponding period of 2012 to RMB41.95 billion, of which the revenue from the property development segment amounted to RMB41.29 billion, accounting for 98.4%.

2. Net profit for the six months ended 30 June 2013 increased by 15.8% from RMB5.62 billion in the corresponding period of 2012 to RMB6.51 billion.

3. Profit attributable to shareholders for the six months ended 30 June 2013 increased by 10.2% from RMB5.66 billion in the corresponding period of 2012 to RMB6.24 billion.

4. Net profit from our core business excluding the fair value gains on investment properties for the six months ended 30 June 2013 increased by 22.6% from RMB3.8 billion in the corresponding period of 2012 to RMB4.66 billion.

5. Total assets as at 30 June 2013 increased by 14.9% from RMB238.99 billion as at the end of 2012 to RMB274.59 billion.

6. Equity of the shareholders of the Company as at 30 June 2013 rose by 25.2% from RMB38.26 billion as at the end of 2012 to RMB47.91 billion.

7. Net debt ratio (the ratio of net borrowing[1] to total equity) as at 30 June 2013 was 58.4%, a significant decrease from 96.1% as at 30 June 2012 or from 84.2% as at the end of 2012.

8. Contracted sales for the six months ended 30 June 2013 amounted to RMB44.61 billion, accomplishing 44.6% of the planned contracted sales for the entire year; whereas the gross floor area of contracted sales was 6.647 million square metres.

9. As at 30 June 2013, the Group had total cash (including cash and cash equivalents and restricted cash) of RMB41.97 billion, together with the unutilised banking facilities of RMB39.48 billion, the Group had available funds of RMB81.45 billion, which provided sufficient capital for the Group.

The board of directors (the "Board") of Evergrande Real Estate Group Limited (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 2013.

[1] Net borrowing represents the total borrowings after deducting cash and cash equivalents and restricted cash.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	**Six months ended 30 June 2013 (Unaudited) *RMB'000***	2012 (Unaudited) *RMB'000*
Revenue	*4*	**41,952,314**	37,041,343
Cost of sales	*5*	**(30,500,297)**	(26,442,967)
Gross profit		**11,452,017**	10,598,376
Fair value gains on investment properties		**2,890,742**	2,500,618
Other income		**424,537**	228,739
Selling and marketing costs	*5*	**(1,497,504)**	(1,315,071)
Administrative expenses	*5*	**(1,243,705)**	(1,051,652)
Other operating expenses	*5*	**(843,466)**	(511,829)
Operating profit		**11,182,621**	10,449,181
Finance income/(costs), net	*6*	**118,285**	(63,725)
Profit before income tax		**11,300,906**	10,385,456
Income tax expenses	*7*	**(4,786,272)**	(4,764,702)
Profit for the period		**6,514,634**	5,620,754
Other comprehensive income		**—**	—
Total comprehensive income for the period		**6,514,634**	5,620,754
Attributable to:			
Shareholders of the Company		**6,237,273**	5,662,819
Non-controlling interests		**277,361**	(42,065)
		6,514,634	5,620,754
Earnings per share for profit attributable to shareholders of the Company for the period (expressed in RMB per share)			
— Basic earnings per share	*8*	**0.39**	0.38
— Diluted earnings per share	*8*	**0.38**	0.37
Dividends	*9*	**—**	—

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	30 June 2013 (Unaudited) RMB'000	31 December 2012 (Audited) RMB'000
ASSETS			
Non-current assets			
Property and equipment		**9,756,020**	8,559,167
Land use rights		**2,680,897**	2,347,117
Investment properties		**30,962,464**	24,941,627
Properties under development		**201,963**	—
Trade and other receivables	*10*	**1,756,845**	1,112,242
Intangible assets		**440,758**	446,989
Deferred income tax assets		**1,090,026**	1,039,782
		46,888,973	38,446,924
Current assets			
Properties under development		**136,612,031**	133,293,609
Completed properties held for sale		**17,474,897**	15,158,843
Trade and other receivables	*10*	**6,909,581**	5,785,030
Prepayments	*11*	**23,008,854**	19,871,222
Income tax recoverable		**1,719,027**	1,245,324
Restricted cash		**8,992,310**	7,399,279
Cash and cash equivalents		**32,981,092**	17,790,320
		227,697,792	200,543,627
Total assets		**274,586,765**	238,990,551
EQUITY			
Capital and reserves attributable to shareholders of the Company			
Share capital		**1,108,641**	1,043,317
Share premium		**6,473,695**	2,901,986
Reserves		**7,680,945**	6,546,500
Retained earnings		**32,645,798**	27,771,925
		47,909,079	38,263,728
Perpetual capital instruments		**6,013,800**	—
Non-controlling interests		**4,078,523**	3,427,597
Total equity		**58,001,402**	41,691,325

	Note	30 June 2013 (Unaudited) RMB'000	31 December 2012 (Audited) RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings		**47,558,371**	41,243,149
Other payables	*12*	**563,238**	738,516
Deferred income tax liabilities		**5,869,794**	4,939,761
		53,991,403	46,921,426
Current liabilities			
Borrowings		**28,260,336**	19,030,706
Trade and other payables	*12*	**81,506,578**	77,788,431
Receipt in advance from customers		**42,772,400**	44,833,483
Current income tax liabilities		**10,054,646**	8,725,180
		162,593,960	150,377,800
Total liabilities		**216,585,363**	197,299,226
Total equity and liabilities		**274,586,765**	238,990,551
Net current assets		**65,103,832**	50,165,827
Total assets less current liabilities		**111,992,805**	88,612,751

Notes:

1 GENERAL INFORMATION

Evergrande Real Estate Group Limited (the "Company") was incorporated in the Cayman Islands on 26 June 2006 as an exempted company with limited liability under the Companies Law, Cap. 22 (2009 Revision as consolidated and revised from time to time) of the Cayman Islands and is engaged in investment holding. The Company and its subsidiaries (the "Group") are principally engaged in property development, property investment, property management, property construction, hotel and other businesses in the People's Republic of China (the "PRC"). The address of its registered office is P.O. Box 1586, Royal Bank House, Grand Cayman, KY1-1110, Cayman Islands.

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

The condensed consolidated interim financial information is presented in thousands of Renminbi Yuan ("RMB"), unless otherwise stated.

2 BASIS OF PREPARATION

The condensed consolidated interim financial information for the six months ended 30 June 2013 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 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

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 2012, as described in those annual financial statements.

(i) Amendments to standards and interpretations adopted by the Group as of 1 January 2013

The following amendments to standards and interpretations are mandatory for the Group's financial year beginning 1 January 2013. The adoption of these amendments to standards and interpretations does not have any significant impact to the results and financial position of the Group.

HKFRS 1 (Amendment)	Government Loans
HKFRS 7 (Amendment)	Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosures of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendment)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRSs (Amendment)	Annual Improvements 2009–2011 Cycle

(ii) 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 which mainly include property construction, hotel and other property development related services. As the CODM of the Group considers most of the revenue and results of the Group are attributable to the market in the PRC, and only an immaterial part (less than 10%) of the Group's assets are located outside the PRC, no geographical segment information is presented.

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

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

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

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

The segment results and other segment items included in the condensed consolidated statement of comprehensive income for the six months ended 30 June 2012 are as follows:

	Property development *RMB'000*	Property investment *RMB'000*	Property management services *RMB'000*	Other businesses *RMB'000*	Group *RMB'000*
Gross segment revenue	36,485,790	61,471	220,629	3,313,025	40,080,915
Inter-segment revenue	—	(9,215)	(59,135)	(2,971,222)	(3,039,572)
Revenue	36,485,790	52,256	161,494	341,803	37,041,343
Segment results	8,286,060	2,550,261	(96,707)	(290,433)	10,449,181
Finance cost, net					(63,725)
Profit before income tax					10,385,456
Income tax expenses					(4,764,702)
Profit for the period					5,620,754
Depreciation and amortisation	53,928	—	2,769	183,755	240,452
Fair value gains on investment properties	—	2,500,618	—	—	2,500,618

Segment assets as at 30 June 2013 are as follows:

	Property development ***RMB'000***	**Property investment** ***RMB'000***	**Property management services** ***RMB'000***	**Other businesses** ***RMB'000***	**Group** ***RMB'000***
Segment assets	**226,149,594**	**30,962,464**	**546,480**	**14,119,174**	**271,777,712**
Unallocated					**2,809,053**
Total assets					**274,586,765**

Segment assets as at 31 December 2012 are as follows:

	Property development *RMB'000*	Property investment *RMB'000*	Property management services *RMB'000*	Other businesses *RMB'000*	Group *RMB'000*
Segment assets	198,486,629	24,941,627	406,478	12,870,711	236,705,445
Unallocated					2,285,106
Total assets					238,990,551

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 and equipment, investment properties, land use rights, properties under development, completed properties held for sale, receivables, prepayments and cash balances. They exclude deferred tax assets and income tax recoverable.

5 EXPENSES BY NATURE

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

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Cost of properties sold	**26,474,339**	22,876,894
Business tax and other levies	**2,378,152**	2,198,675
Staff costs — including directors' emoluments	**2,509,080**	2,171,737
Advertising costs	**757,995**	749,257
Sales commissions	**219,685**	190,959
Consultancy fee	**65,926**	49,988
Depreciation	**310,147**	161,751
Amortisation	**138,359**	78,701
Donations to governmental charity	**123,802**	63,312

6 FINANCE INCOME/(COSTS), NET

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Exchange gains/(losses)	**137,439**	(34,211)
Interest expenses from borrowings	**(3,391,064)**	(2,644,207)
Less: interest capitalised	**3,371,910**	2,614,693
	118,285	(63,725)

7 INCOME TAX EXPENSES

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Current income tax		
— Hong Kong profits tax	**—**	—
— PRC corporate income tax	**2,228,695**	2,022,384
— PRC land appreciation tax	**1,677,788**	1,991,416
Deferred income tax		
— PRC corporate income tax	**465,249**	676,841
— PRC land appreciation tax	**414,540**	74,061
	4,786,272	4,764,702

The weighted average applicable tax rate for the six months ended 30 June 2013 and 2012 is 25%.

Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (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

No Hong Kong profits tax has been provided for as there are no business operations that are subject to Hong Kong profits tax carried in Hong Kong during the six months ended 30 June 2013 (six months ended 30 June 2012: nil).

PRC corporate income tax

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate of 25% (six months ended 30 June 2012: 25%) on the estimated assessable profits for the period, based on the existing legislation, interpretations and practices in respect thereof.

PRC withholding income tax

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

PRC land appreciation tax

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

8 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.

	Six months ended 30 June	
	2013	2012
Basic earnings per share (RMB)	**0.39**	0.38
Diluted earnings per share (RMB)	**0.38**	0.37

9 DIVIDENDS

The Board of the Company resolved not to declare any dividend in respect of the six months ended 30 June 2013 (six months ended 30 June 2012: nil).

10 TRADE AND OTHER RECEIVABLES

	30 June 2013	31 December 2012
	RMB'000	*RMB'000*
Trade receivables *(note (a))*	**4,645,409**	3,600,288
Other receivables	**4,021,017**	3,296,984
	8,666,426	6,897,272
Less: non-current portion	**(1,756,845)**	(1,112,242)
Trade receivables *(note (a))*	**(1,380,517)**	(742,972)
Other receivables	**(376,328)**	(369,270)
Current portion	**6,909,581**	5,785,030

As at 30 June 2013 and 31 December 2012, the fair value of trade and other receivables approximated their carrying amounts.

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

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

	30 June 2013 *RMB'000*	31 December 2012 *RMB'000*
Within 90 days	**2,841,671**	2,809,586
Over 90 days and within 180 days	**307,517**	136,922
Over 180 days and within 365 days	**1,082,890**	440,929
Over 365 days	**413,331**	212,851
	4,645,409	3,600,288

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

11 PREPAYMENTS

	30 June 2013 *RMB'000*	31 December 2012 *RMB'000*
Prepaid business taxes and other taxes	**1,810,600**	1,448,815
Prepayments and advances to third parties:	**21,198,254**	18,422,407
— for acquisition of land use rights	**20,822,505**	17,907,958
— others	**375,749**	514,449
	23,008,854	19,871,222

12 TRADE AND OTHER PAYABLES

	30 June 2013 *RMB'000*	31 December 2012 *RMB'000*
Trade payables	**52,482,970**	53,963,729
Other payables	**27,718,402**	22,483,445
Accrued expenses	**1,216,069**	1,479,990
Other taxes payable	**652,375**	599,783
	82,069,816	78,526,947
Less: non-current portion of other payables	**(563,238)**	(738,516)
	81,506,578	77,788,431

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

	30 June 2013 *RMB'000*	31 December 2012 *RMB'000*
Within one year	**45,980,548**	49,661,436
Over one year	**6,502,422**	4,302,293
	52,482,970	53,963,729

CHAIRMAN'S STATEMENT

Business Review

In the first half of 2013, the PRC government rolled out the "Five Policies and Measures" to further regulate and control the domestic real estate market by limiting purchases, restricting accessibility to mortgages and setting price ceilings to long-lasting mechanism such as the gradual increase in supply of social housing, improve the housing ownership information network and real estate registration database and expand the implementation of the pilot property tax. Since the second quarter, due to the relatively stable policies and the relatively loose liquidity, transactions in the market have experienced growth amid stability. The gross floor area ("GFA") of commodity housing sold nationwide and sales amount increased by 30.4% and 46.0%[1] respectively in the first half of 2013, as compared to the relatively low base recorded in the corresponding period of 2012.

Meanwhile, the results of the regional markets and of real estate developers were more diverging and the market concentration continued to increase: in June, among the 70 medium- to large-sized cities, 69 experienced year-on-year growth in the price of newly built commodity housing, while the price in first-tier cities continued to rise[2]; in the first half of the year, the sales of China's top ten real estate developers accounted for 15.2% of the total market amount, representing an increase of 2.45 percentage points over 2012, whereas the GFA sold accounted for 9.85%, representing an increase of 0.75 percentage points over 2012[3].

In view of the general macro-economic condition and industry development during the reporting period and the practical business requirements of the Group, the Board proposed the plan of "Optimization, Reduction and Growth", which mainly includes: **optimizing the regional layout of residential property projects, continuing to reduce the Group's gearing ratio, growing total cash and net profit margins of major businesses**. In the first half of the year, the Group has acquired new land reserves of 14.566 million square metres, while newly acquired projects amounted to 34, of which, projects located in first- and second-tiers cities accounted for 38.2%, representing an increase of 10.6%

1 *Source:* "National Real Estate Development and Sales for January to June 2013" issued by National Bureau of Statistics of China

2 *Source:* "Changes in Residential Selling Prices in 70 Medium- to Large-Sized Cities in June 2013" issued by National Bureau of Statistics of China

3 *Source:* "Top 50 PRC Real Estate Developers for 1H2013 in terms of Sales" jointly issued by China Real Estate Information Corporation and China Real Estate Appraisal

as compared with the newly acquired projects in the first half of 2012. In addition, through strengthening the sales and collection of sales proceeds and strategic selling of investment properties, the Group has reduced the net debt ratio to 58.4%, representing a sharp decrease of 37.7 percentage points as compared with that of 2012. At the end of the period, total cash (including cash and cash equivalents and restricted cash) amounted to RMB41.97 billion, representing an increase of 69.6% as compared with that of the end of 2012. In the first half of the year, the net profit margin of major businesses of the Group reached 11.1%, representing an increase of 0.84 percentage points over that in the corresponding period of 2012.

The Group focused on maintaining profitability, optimizing the regional layout of its projects and acquiring additional quality land bank. During the period, the Group persisted in adopting the general strategy of striking a balance between consumption and replenishment of land banks, optimizing the regional layout of residential property projects and acquiring certain quality land plots. At the end of the period, the Group had a total land reserve of 145 million square metres, representing a slight increase of 4.443 million square metres or approximately 3.2% as compared to the end of 2012, but lower than the increase of 4.0% and 41.0% recorded in the corresponding periods of 2012 and 2011, respectively. The Group acquired 34 new land reserves, mainly covering 29 cities such as Guangzhou, Chongqing, Chengdu, Changsha, Haikou, Changchun, Harbin, Shenyang and Guiyang, and the cost of newly acquired land plots was approximately RMB1,687 per square metre. As at 30 June 2013, the GFA of land reserves held by the Group reached 145 million square metres, covering 140 cities in China and the total number of projects was 262; the average cost of land reserves was approximately RMB800 per square metre, which was relatively low as compared with industry peers.

In the first half of 2013, among the 34 newly acquired projects of the Group, 38.2% were located in first- and second-tier cities, representing an increase of 10.6% as compared with the newly acquired projects in the first half year of 2012, and most of the newly acquired projects in third-tier cities were located at the central locations of those cities. The Board believes that from the standpoint of healthy cashflow, newly acquired land plots with more favorable locations, greater appreciation potential and which are in line with the high quality and steady growth strategy of the sixth "Three-Year Plan" will boost the overall profit margin and profitability of the Group.

Contracted sales increased significantly as compared with the same period of last year and achieved the planned target. During the period, the Group achieved contracted sales of RMB44.61 billion, representing a year-on-year increase of 27.3%, accomplishing 44.6% of annual planned sales; the area of contracted sales amounted to 6.647 million square metres, representing a year-on-year increase of 15.2% ; the average price of contracted sales was RMB6,712 per square metre, representing an increase of 10.5% as compared with the same period of 2012.

In view of the opportunities arising from the market since March, the Group adjusted sales strategies and prices, and at the same time launched some shops and car parking spaces for sale, achieving and promoting a simultaneous increase in volume and prices on a month-on-month basis. From January to June, the average monthly transaction price of the Group exceeded RMB6,100 per square metre and even rose to RMB7,310 per square metre in June. The Board believes that the rise in the selling price is mainly attributable to the superiority of the Group's products in location and quality, and the reasonable and stable selling price and sales amount will help the Group to further increase the profit margin of its major businesses.

During the reporting period, the Group launched 18 new projects, covering 18 second- and third-tier cities, including Shenyang, Kunming, Guiyang, Lanzhou, Zhenjiang, Changzhou, Jiaxing and Dongguan, and had a total of 197 projects in sales mode across 110 cities.

In the first half of the year, the contracted sales amounted to RMB44.61 billion, of which the sales in first-tier cities amounted to RMB380 million, or 0.9%; the sales in second-tier cities amounted to RMB20.78 billion, or 46.6%; the sales in third-tier cities amounted to RMB23.45 billion, or 52.5%. The above figures demonstrate that the Group's sales amount in second and third-tier cities has maintained a relatively balanced proportion.

Diligent construction planning, optimization of the scale of new constructions and focus on the coordination between sales planning and completion planning. In the first half of the year, area under construction of new projects of the Group was 8.399 million square metres, representing an increase of 12.4% as compared with 7.475 million square metres in the corresponding period of 2012. As at 30 June 2013, the Group had 201 projects under construction, and the area under construction was 37.671 million square metres; the Group has obtained pre-sale permits for 197 projects while 65 projects have not yet been launched for sale. The Board considers that the industry-leading construction scale and saleable area allow the Group to be well prepared for generating revenue from the delivery of properties and contracted sales in the next phase.

During the reporting period, the Group continued to put its standardized operation into practice. Through the continued optimization of corporate management and technological arrangement regarding the construction progress, 9.708 million square metres of GFA of properties were completed as scheduled. The Group delivered properties for an accumulated total of 166 projects with a transaction value of RMB41.29 billion and 6.905 million square metres of GFA.

Focus on continuing to reduce the debt ratio and increasing the total cash and net profit margin of the Group's core businesses. During the reporting period, the sale proceeds of the Group reached RMB39.6 billion, and the net proceeds of share placing amounted to approximately RMB3.52 billion. The Group also put more effort in project cooperation, which resulted in an accumulated reduction in land premium payment of RMB8.9 billion for 23 cooperation projects. By building up a fine brand image, the Group strives to obtain more favorable contract terms, payment methods and conditions. Through the above measures, the Group's net debt ratio at the end of the period decreased 37.7 percentage points to 58.4% over that in the corresponding period of last year.

The Group continued to adhere to the strategy of "Cash is King". At the end of the period, the total cash amounted to RMB41.97 billion, reaching the highest level since the Company's listing. The Group also leveraged on its stable cooperation with the large commercial banks within China and the borrowings during the period recorded net increase of RMB15.54 billion. At the end of the period, the unutilized banking facilities and total cash amounted to RMB39.48 billion and RMB41.97 billion, respectively, and the Group's available funds amounted to RMB81.45 billion.

In the meantime, the Group also sold some of its investment properties, adopted measures to improve the price of the residential properties and strived to reduce selling and marketing costs and administrative expenses, which helped to raise the profit margin of core businesses to 11.1% in the first half of the year, which represented an increase of 2.6 percentage points over that in the second half of 2012. The Board considers that as a result of the Group's outstanding quality products, there is still room for it to increase selling prices, and the various measures to strictly control the cost also started to bear fruit, which will continue to have positive influence on the profit margin of major businesses.

Vigorous promotion of product upgrades and implementation of standardized strategy. In the first half of the year, the Group made significant efforts to carry out comprehensive optimization and upgrade of the style, facade, furnishing and standards for landscape gardens of its products and reduce the costs of design and construction without compromising on quality. By so doing, the Group aims to further raise the overall price-to-performance ratio of its products and enhance its market competitiveness. The products are highly standardized after optimization while the designs are much more tailored to the rigid demand of the market and housing improvement needs. The flow line production approach is generally adopted in architectural design, supply of resources and construction methods to shorten the design cycle, guarantee the quality of design, enhance the effectiveness of development and save costs.

The Group is also committed to implementing upgrade works in certain areas, including facade, building materials, interior decoration, construction and landscape gardens. In the first half of the year, seven European new classicism facade styles were introduced, which together with the new roof and wall materials, significantly reduced the unit cost of facades while maintaining the original architectural appearance and style. For interior decoration, the Group insists on a unified and versatile decoration standard. At the same time, through strategic cooperative alliance, the Group has achieved centralized resources delivery with the aim of minimizing the cost, shortening the construction duration and assuring the quality of housing. The Group is also optimizing the standards for landscape gardens, through reducing the overall costs by approximately 30% without jeopardizing quality. Also, through controlling the contents of concrete and steel, consumption was reduced by 10% to 15% while the quality of the landscape gardens was maintained. By optimizing the design of foundation, earthwork, basement, equipment and specialized projects, it is expected that the annual construction cost can be reduced by approximately RMB1 billion.

The Board considers that the Group has adopted appropriate measures to tackle increasing construction costs, in particular with respect to the decreasing price for decoration materials every year, which signifies the entering into the harvesting period for the strategic premium alliance strongly promoted by the Group. This enables us to mitigate the impact of escalating costs on gross profit margin to a great extent and thus generates value for all shareholders.

Business Outlook

As outlined at the Central Economic Working Conference, the Chinese government will maintain the continuity and stability of macro-economic policies in the second half of the year, actively yet prudently pushing forward the people-oriented new urbanization and enhance the steady and healthy development of the property market. The Board believes that financial revolution and institutional innovation will give a new impetus to the economic development. The Board anticipates that the monetary policy and real estate control measures will emphasize stability. These policies are likely to provide a relatively stable external environment for the real estate industry, facilitating adjustment and transformation within the industry as well as stabilizing the macro-economy.

Through closely matching the views above with the Group's plan of "Optimization, Reduction and Growth", the Board will continue to adopt comprehensive measures to optimize the geographical layout of residential real estate projects, reduce the debt ratio, increase the total amount of cash and net profit margin of main operations. On the basis of the sixth "Three-Year Plan" of "Sound Operation and Stable Growth", the Board will further promote the transformation from business expansion to steady operation as well as from regional expansion to intensified management and focus more on maintaining profitability and achieving high quality coordinated development.

Land Reserve

Given the completion of the nationwide strategic layout, the Group will continue to optimize the locational layout of residential real estate projects. The development focus of projects was concentrated in first- and second-tier cities and the geographical locations of projects were moved closer to central urban areas, which will maintain a stable overall total land reserve and attach more significance to the reasonable and balanced distribution of projects in the first-, second- and third-tier cities and the balanced development of each project. With respect to land acquisition, the Group will adopt a more prudent approach for new land acquisition in third-tier cities. In order to increase the profit margin of its projects and the overall profitability of the Group, the Group will access the population size and GDP of the cities where the projects are located, geographic location of the land, planning criteria and consumer spending ability with stricter quantitative standards.

The Group has settled land premium of RMB107.79 billion for its existing land reserves and RMB43.65 billion remains outstanding, of which land premium of RMB15.58 billion is expected to be settled in the second half of the year of 2013; land premium of RMB17.73 billion is expected to be settled in 2014 and land premium of RMB10.34 billion is expected to be settled in 2015 or beyond.

Contracted sales

Given that the policy is likely to be relatively stable in the second half of the year, it is foreseen that the overall market demand and supply will remain stable. Considering the relatively high base recorded in the previous year, growth in transaction volumes and prices may narrow as compared with the same period last year. The performance of different cities may be more varied and local fluctuation may occur in individual regional markets. The Group will further follow the market trend and seize opportunities in the market. While ensuring that the inventory is sufficient, the Group will formulate its regional sales plan with key focus areas, conduct monthly reviews after the completion of sales and timely adjust its sales strategies.

In the second half of the year, there will be approximately forty residential projects available for sales. These premises are situated in Zhengzhou, Xi'an, Chengdu, Chongqing, Wuhan, Jinan, Changsha, Harbin, Wuxi, Ningbo, Yangzhou, Tangshan and Zibo. The Group proposes to capitalize on market timing and develop new projects for sale selectively and emphatically in accordance with the overall market needs. Apart from this, in the second half of the year, there will be residential and commercial complex projects in cities including Haikou and Changchun, which are likely to supplement the contracted sales of the entire year.

With regard to the pricing strategy, the Group will strike a balance between the selling price and sales, elevate sales performance as well as maintaining a reasonable selling price and relatively stable and balanced monthly sales performance in a flexible and practical manner. Given the remarkable sales performance in the first half of the year, together with the great execution ability and product strength of the Group, the Board is optimistic about achieving the aggregate contracted sales target of RMB100 billion for the entire year.

Financial Capital

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

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

The Group strongly believes that at the middle stage of its sixth "Three-Year-Plan", the aforementioned strategies and measures could help ensure the sound and stable operation of the Company. Through detailed implementation of the plan of "Optimization, Reduction and Growth", and the determination to strive for improvement and surpass itself, the Group will continue to consolidate its leading position in premium real estate development industry with standardized operation in China in order to bring greater value to the public and its shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Performance

The Group recorded revenue of RMB41.95 billion (corresponding period of 2012: RMB37.04 billion), representing a period-on-period growth of 13.3%. Gross profit amounted to RMB11.45 billion (corresponding period of 2012: RMB10.6 billion), representing an increase of 8% over the corresponding period last year. Profit attributable to shareholders was RMB6.24 billion (corresponding period of 2012: RMB5.66 billion), representing an increase of 10.2% compared with the corresponding period last year. Basic earnings per share amounted to RMB39 cents (corresponding period of 2012: RMB38 cents), representing a period-on-period increase of 2.6%.

Equity attributable to shareholders of the Group as at 30 June 2013 was RMB47.91 billion (31 December 2012: RMB38.26 billion), representing an increase of 25.2% from the end of last year. The total assets were RMB274.59 billion (31 December 2012: RMB238.99 billion), representing an increase of 14.9% from the end of last year. The net debt ratio was 58.4%, a decrease of 25.8 percentage points as compared to 84.2% at the end of 2012, or a decrease of 37.7 percentage points as compared to 96.1 % in the corresponding period of 2012.

Revenue

Revenue of the Group for the reporting period amounted to RMB41.95 billion, a growth of 13.3% compared with the corresponding period of last year, of which revenue generated from the property development segment amounted to RMB41.29 billion, representing a period-on-period growth of 13.2%. Revenue generated from property management services was RMB274 million, representing an increase of 69.9% compared with the corresponding period of last year. Revenue generated from property investment amounted to RMB70.11 million, representing a growth of 34.2% compared with the corresponding period of last year. Income from project construction, operation of hotels and other businesses related to real estate development was RMB319 million, which was close to the amount from the corresponding period of last year.

Gross Profit

Gross profit of the Group was RMB11.45 billion, representing an increase of 8% compared with the corresponding period of last year. The increase in gross profit was mainly attributable to a significant increase in delivered area. The gross profit margin was 27.3%, a decrease of 1.3 percentage points compared to 28.6% of the corresponding period last year, but improved by 0.3 percentage points compared to 27% in the second half of 2012, mainly because certain properties delivered in the first half of this year were the properties promoted in the third quarter of last year which affected the average contracted selling price. With the increase in average contracted selling price in the first half of 2013, the gross profit margin will have potential to increase.

Selling and Marketing Costs

During the reporting period, selling and marketing costs of the Group rose from RMB1.32 billion for the corresponding period of 2012 to RMB1.50 billion, which was principally due to an increase in the number of projects launched and significant expansion in scale. The numbers of projects in sales mode recorded an increase of 27.9% compared with the end of 2012. Furthermore, the corresponding increase in nationwide marketing and brand publicity activities during the reporting period also led to the increase.

Administrative Expenses

During the reporting period, administrative expenses of the Group increased from RMB1.05 billion to RMB1.24 billion for the corresponding period of 2012, which was mainly due to the continuous expansion of its national business and significant growth in operating results achieved during the reporting period. The total numbers of projects recorded an increase of 20.2% compared with corresponding period of 2012. The number of employees and their remuneration have also increased correspondingly.

FINANCIAL REVIEW

Borrowings

As of 30 June 2013, the borrowings of the Group amounted to RMB75.82 billion with the following maturity periods:

	30 June 2013 ***(RMB billion)***	**As a percentage of total borrowings**	31 December 2012 *(RMB billion)*	As a percentage of total borrowings
Less than 1 year	**28.26**	**37.3%**	19.03	31.6%
1–2 years	**33.16**	**43.7%**	20.13	33.4%
2–5 years	**13.66**	**18.0%**	20.41	33.9%
More than 5 years	**0.74**	**1.0%**	0.70	1.1%
	75.82	**100%**	60.27	100%

As at 30 June 2013, RMB29.23 billion of the Group's borrowings carried floating, interest rates, the remaining RMB46.59 billion of the Group's borrowings carried fixed interest rates. RMB66.08 billion of the Group's total borrowings were denominated in Renminbi, the remaining RMB9.74 billion borrowings were denominated in U.S. dollars.

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

Foreign Exchange Exposure

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

Available Funds

As at 30 June 2013, the total amount of cash and cash equivalents and restricted cash was RMB41.97 billion, and the Group had unutilised banking facilities of RMB39.48 billion. These funds provided sufficient working capital for the Group to find the best business opportunities and provided significant financial support for rapid development.

Financial Leverage

As at 30 June 2013, the net debt ratio was 58.4%, representing a decrease of 25.8 percentage points as compared to 84.2% as at 31 December 2012 and a decrease of 37.7 percentage points as compared to 96.1% in the corresponding period of 2012. It was mainly attributable to the Group's sales proceeds exceeding RMB39.6 billion, the net proceeds from the share placing of approximately RMB3.52 billion. In addition, the Group endeavored to develop 23 cooperation projects, which helped decrease the Group's cumulative land premium payment by RMB8.9 billion, and leveraged on its excellent brand image to obtain more favorable terms, method of payment and conditions of payment in respect of its contracts.

Contingency

As at 30 June 2013, the Group arranged bank financing for some property buyers and provided a buy-back guarantee in relation to the repayment obligations of approximately RMB68 billion for those buyers. The Group has not suffered from any significant loss resulting from the above guarantee in the past, primarily because such guarantee was only a transitional arrangement for property buyers prior to the completion of their mortgage registration. The guarantee was secured against the property rights of the property buyer and will be removed once the mortgage registration is completed. Considering the above factors, the Board is of the view that such buyers' defaults are unlikely and thus no provision will be required.

Land Reserve

During the reporting period, the Group acquired 34 land reserves. The GFA of the new land reserves was 14.566 million square metres, covering 29 cities with growth potential such as Guangzhou, Chongqing, Chengdu, Changsha, Haikou, Changchun, Harbin, Shenyang and Guiyang. During the reporting period, the total cost of the newly acquired land was approximately RMB1,687 per square metre.

Distribution of newly acquired land reserves of the Group in the first half of 2013

No.	Project Name	City	Site area *(Square metre)*	Planned Total GFA *(Square metre)*	Area of Land reserve *(Square metre)*	Proportionate interest
	Guangdong Province					
1	Guangzhou Shatainan Project	Guangzhou	44,275	144,779	92,379	100%
2	Evergrande Oasis Zhanjiang	Zhanjiang	127,834	477,925	477,925	100%
3	Evergrande Metropolis Heyuan	Heyuan	250,777	626,943	626,943	100%
	Chongqing City					
4	Evergrande Emerald Court Chongqing	Chongqing	193,531	335,881	335,881	100%
5	Evergrande Royal Scenic Peninsula Chongqing	Chongqing	142,332	247,023	247,023	100%
6	Evergrande Scenic Garden Chongqing	Chongqing	336,067	583,258	583,258	100%
	Jiangsu Province					
7	Evergrande Emperor Scenic Yangzhou	Yangzhou	105,857	178,383	178,383	80%
8	Evergrande Metropolis Jiangyin	Wuxi	120,927	302,316	302,316	100%
	Evergrande Atrium Jurong (Expansion Land)*	Zhenjiang	58,000	174,000	174,000	100%
	Liaoning Province					
9	Evergrande Royal Scenic Bay Shenyang	Shenyang	61,038	165,018	165,018	100%
	Evergrande Emerald Court Shenyang (Expansion Land)*	Shenyang	53,932	129,438	129,438	100%
	Shandong Province					
10	Evergrande Emperor Scenic Zibo	Zibo	143,421	716,276	716,276	60%
11	Evergrande Metropolis Liaocheng	Liaocheng	76,200	252,328	252,328	51%
	Evergrande Splendor Laiwu (Expansion Land)*	Laiwu	78,149	57,710	57,710	100%
	Hunan Province					
12	Evergrande Bay Changsha	Changsha	178,644	607,464	607,464	100%
13	Evergrande Oasis Yiyang	Yiyang	204,527	747,148	747,148	100%
	Zhejiang Province					
14	Evergrande Royal Scenic Peninsula Quzhou	Quzhou	181,050	462,048	462,048	100%
15	Ningbo Xiangshan Project	Ningbo	357,227	311,074	311,074	51%
	Anhui Province					
16	Evergrande Metropolis Chuzhou	Chuzhou	68,861	204,200	204,200	100%
17	Evergrande Oasis Chuzhou	Chuzhou	84,502	259,000	259,000	100%
18	Evergrande Royal Scenic Bay Suzhou	Suzhou	90,836	335,322	335,322	100.0%

No.	Project Name	City	Site area *(Square metre)*	Planned Total GFA *(Square metre)*	Area of Land reserve *(Square metre)*	Proportionate interest
	Hebei Province					
19	Evergrande Metropolis Xingtai	Xingtai	88,671	436,924	436,924	100%
20	Evergrande Palace Tangshan	Tangshan	17,027	81,696	81,696	60%
21	Evergrande City Hengshui	Hengshui	64,248	245,162	245,162	70%
22	Evergrande Metropolis Langfang	Langfang	101,351	285,506	285,506	100%
	Evergrande Royal Scenic Peninsula Shijiazhuang (Expansion Land)*	Shijiazhuang	60,988	262,881	262,881	100%
	Hainan Province					
23	Evergrande Bund Haikou	Haikou	115,408	711,806	711,806	100%
	Jilin Province					
24	Evergrande Metropolis Plaza Changchun	Changchun	124,968	511,318	511,318	100%
	Heilongjiang Province					
25	Evergrande Emperor Scenic Harbin	Harbin	99,758	273,616	273,616	100%
26	Evergrande Royal Scenic Bay Harbin	Harbin	166,705	548,340	548,340	100%
	Henan Province					
27	Evergrande Metropolis Luohe	Luohe	170,124	570,480	570,480	100%
28	Evergrande Royal Scenic Luohe	Luohe	50,779	203,204	203,204	100%
	Sichuan Province					
29	Evergrande New City Chengdu	Chengdu	118,936	645,159	645,159	100%
	Guizhou Province					
30	Evergrande Emerald Court Guiyang	Guiyang	70,940	372,595	372,595	100%
	Jiangxi Province					
31	Evergrande Royal Scenic Jiujiang	Jiujiang	70,144	303,044	303,044	100%
32	Evergrande Emperor Scenic Jian	Jian	244,219	724,675	724,675	100%
	Shanxi Province					
33	Evergrande Emperor Scenic Yangquan	Yangquan	179,636	907,275	907,275	64%
	Inner Mongolia Autonomous Region					
34	Evergrande Metropolis Hohhot	Hohhot	64,343	216,859	216,859	100%
	Total		**4,766,232**	**14,618,074**	**14,565,674**	

* Extra land reserves for current projects

Contracted Sales

During the reporting period, the Group achieved contracted sales revenue of approximately RMB44.61 billion, accomplishing 44.6% of the sales target for the entire year. The area of the contracted sales amounted to 6.647 million square metres, while the average price of the contracted sales amounted to RMB6,712 per square metre. During the first half of 2013, the Group launched 18 new projects. As at 30 June 2013, the accumulated number of projects for sale was 197, across 27 regions and 110 cities in China.

Regional distribution of contracted sales during the Period

No.	Province	Amount	Proportion
1	Guangdong	5,188,199,929	11.6%
2	Jiangsu	3,771,901,243	8.5%
3	Anhui	3,746,684,563	8.4%
4	Shandong	3,356,979,525	7.5%
5	Hebei	2,910,772,777	6.5%
6	Henan	2,870,788,216	6.4%
7	Hunan	2,777,737,781	6.2%
8	Shanxi	2,605,301,841	5.9%
9	Jiangxi	2,349,731,211	5.3%
10	Liaoning	2,310,192,216	5.2%
11	Chongqing	1,632,437,964	3.7%
12	Jilin	1,535,931,185	3.5%
13	Sichuan	1,398,225,533	3.1%
14	Heilongjiang	1,296,257,715	2.9%
15	Hubei	1,278,829,640	2.9%
16	Zhejiang	888,041,984	2.0%
17	Hainan	851,293,106	1.9%
18	Shaanxi	520,579,306	1.2%
19	Tianjin	503,611,185	1.1%
20	Inner Mongolia	470,519,976	1.1%
21	Guangxi	456,861,280	1.0%
22	Gansu	410,941,287	0.9%
23	Guizhou	410,909,794	0.9%
24	Xinjiang	373,297,955	0.8%
25	Yunnan	309,099,921	0.7%
26	Ningxia	239,719,339	0.5%
27	Qinghai	145,554,076	0.3%
	Total	**44,610,400,548**	**100%**

During the first seven months of 2013, the Group's contracted sales amounted to RMB52.72 billion, accounting for 52.7% of the sales target for the entire year. Area of contracted sales was 7.786 million square metres.

Property Development

During the period, the Group had a total of 149 projects completed which were situated area in 26 major regions in China with a completed total GFA of 9.708 million square meters. The status of the completed of each project is set out in the following table:

Breakdown of area completed by region during the period

No.	Provinces	Area Completed (Square Metre)	Proportion
1	Liaoning	974,588	10.0%
2	Shanxi	903,666	9.3%
3	Jiangsu	798,162	8.2%
4	Hunan	698,646	7.2%
5	Sichuan	613,023	6.3%
6	Shandong	552,503	5.7%
7	Jilin	468,064	4.8%
8	Hebei	461,506	4.8%
9	Shaanxi	454,012	4.7%
10	Henan	450,209	4.6%
11	Chongqing	409,033	4.2%
12	Anhui	409,009	4.2%
13	Heilongjiang	362,188	3.7%
14	Guangdong	295,094	3.0%
15	Jiangxi	280,034	2.9%
16	Guizhou	255,435	2.6%
17	Hubei	239,540	2.5%
18	Inner Mongolia	234,196	2.4%
19	Tianjin	181,962	1.9%
20	Hainan	162,405	1.7%
21	Qinghai	155,298	1.6%
22	Ningxia	134,270	1.4%
23	Guangxi	116,053	1.2%
24	Xinjiang	45,857	0.5%
25	Yunnan	38,658	0.4%
26	Zhejiang	14,749	0.2%
	Total	**9,708,160**	**100.0%**

During the period, the Group delivered a total of 166 projects with a transaction value of RMB41.29 billion, representing a period-on-period increase of 13.2%; the delivery area was 6.905 million square metres, representing a period-on-period increase of 13.6%.

As at 30 June 2013, the Group had 201 projects under construction with a GFA of approximately 37.671 million square meters, 197 projects for sale, and 65 projects yet to be launched for sale.

CORPORATE SOCIAL RESPONSIBILITIES

Under the new social and market environment, the Group continues to be actively committed to social responsibilities and is deeply devoted to fully supporting charitable activities such as livelihood, sports and environmental protection.

On the 2013 Guangdong Poverty Alleviation Day, the Group agreed to donate RMB20 million. The Group previously agreed to donate RMB120 million in 2010, RMB318 million in 2011 and RMB350 million in 2012, respectively, to this cause. The payments will be made in accordance with certain progress. In June this year, the Group donated RMB0.3 million to Guangdong Province Society for Promotion of the Guangcai Programme to improve the livelihood of the ethnic region in Ruyuan County, Guangdong, which showed the Group's dedication to the alleviation of poverty. After the Ya'an earthquake, the Group donated RMB20 million to the disaster area through the China Foundation of Poverty Alleviation, which was among the first large-sized conglomerates to respond after the disaster.

In order to promote traditional Chinese cultures, the Group agreed to donate RMB5 million to the Chinese Yu-opera Culture Promotion Society; in an attempt to boost employment and nurture talents, the Group organized recruitment programs in colleges and universities across the country which provided a good employment and job-hunting platform for 1,101 graduating students.

With respect to green construction, the Group continuously carried out the delivery of fully-refurbished properties and continued to optimize and upgrade main house layouts, standards of decoration and the mode of design management. In the beginning of this year, the Group successfully developed various new house layout plans and new standards of flat decoration which conformed to modern requirements. The Group also implemented seven different facade styles to enhance the regional suitability of the residential properties and achieved shorter construction periods, better quality, energy saving and consumption reduction. Since 1 March, Evergrande's new standard for residential properties was applied to new flats of over 200 projects in more than 120 cities around the nation.

The Group insists on contributing to China's sports development. Guangzhou Evergrande Football Club under the Group repeatedly defeated strong opponents in AFC Champion League, while Evergrande volleyball team was the champion of the 14th Asian Club Cup in female volleyball. While the athletic teams inspired the whole nation with their outstanding results, the Group also established the "Evergrande's Eight Regulations for Internationals" and innovated the teaching method of Evergrande Football School in order to faster more sports talent for the nation. Another example which highlights the great sense of responsibility of the Group is when the Group prioritized the needs of the nation and gave full support to Langping, the coach in chief of the Evergrande female volleyball team, to answer the national team's call-up and assume the role of chief coach.

AWARDS

During the period, the Group won multiple awards again. In the assessment of the Top 500 China Real Estate Developers, the Group ranked second in Top 500 China Real Estate Developers for three consecutive years, first in the Top Ten City Coverage's Real Estate Developers in China and second in the Top 10 China Real Estate Developers by Corporate Social Responsibility. In the selection of the "Top 10 of Top 100 Real Estate Developers in China by Integrated Capability 2012" jointly held by The Corporate Research Institute under the State Development Research Centre of the State Council, the Real Estate Research Institute of Qinghua University and China Index Academy, the Group ranked second in the Top 100 Real Estate Developers in China by Integrated Capability, first in the Top 10 China Real Estate Companies Listed in Hong Kong by Integrated Capability and first in the Top 10 Investment Value.

Additionally, the Group has been awarded the "Guangdong Poverty Alleviation Hongmian Gold Cup" by the Leading Group of Poverty Alleviation Development of Guangdong Province and was conferred "The China Charity Award", the highest honour in China's charity sector, by the State's Ministry of Civil Affairs for six consecutive years. The above-mentioned awards demonstrate a high degree of recognition by society of the Group's achievements in operating results, social responsibilities and brand influence.

HUMAN RESOURCES

As at 30 June 2013, the Group had a total of 39,828 employees, of which approximately 90% are graduates with bachelor's degree or above in property development or construction, forming a team of young, highly educated and high quality personnel.

The Group firmly believes that people are the most important corporate resources, and has been adhering to a people-oriented human resources development strategy. This helped the Group create a harmonious working environment and positive interaction between the Group and its staff. As at 30 June 2013, total staff cost (including directors' emolumants) of the Group was approximately RMB2.51 billion (corresponding period of 2012: approximately RMB2.17 billion).

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend.

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

For the six months ended 30 June 2013, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS CONDUCTED BY THE DIRECTORS

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

CORPORATE GOVERNANCE

The Company has been in compliance with the code provisions of the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2013.

REVIEW OF INTERIM RESULTS BY AUDITOR AND AUDIT COMMITTEE

The unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2013 have 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 also reviewed the Group's interim results for the six months ended 30 June 2013, 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 loyalty of staff members. On behalf of the Board, I express my heartfelt gratitude.

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

Hong Kong, 26 August 2013

As at the date of this announcement, the executive directors are Mr. Hui Ka Yan, Mr. Xia Haijun, Mr. Li Gang, Mr. Tse Wai Wah, Mr. Xu Wen and Mr. Lai Lixin, and the independent non-executive directors are Mr. Chau Shing Yim, David, Mr. He Qi and Ms. Xie Hongxi.