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**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 2016**

**FINANCIAL HIGHLIGHTS**

1. Revenue increased by 12.6% to RMB87.50 billion for the six months ended 30 June 2016 (the “Reporting Period”) from RMB77.74 billion for the corresponding period of 2015.
2. Gross profit increased by 12.2% to RMB24.77 billion for the Reporting Period from RMB22.07 billion for the corresponding period of 2015.
3. Core business profit<sup>1</sup> of property development and other businesses was RMB7.81 billion for the Reporting Period. The core business profit rate was 8.9% for the Reporting Period.
4. As at 30 June 2016, the Group had total cash (including cash and cash equivalents and restricted cash) of RMB212.00 billion, representing an increase of 29.3% as compared with RMB164.02 billion as at the end of 2015.
5. Contracted sales during the Reporting Period amounted to RMB141.78 billion, representing a period-on-period increase of 62.8%; the gross floor area of contracted sales was RMB16.61 million square meters, representing a period-on-period growth of 45.9%; the average price of contracted sales was RMB8,538 per square meter, representing a period-on-period increase of 11.5%.

<sup>1</sup> Net profit for the Reporting Period excluding fair value gains on investment properties, exchange losses, losses on financial assets at fair value through profit or loss and one-off donation.

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 2016.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Note</i>	<b>Six months ended 30 June</b>	
		<b>2016</b>	2015
		<b>(Unaudited)</b>	(Unaudited)
		<b>RMB million</b>	RMB million
<b>Revenue</b>	4	<b>87,498</b>	77,743
Cost of sales	5	<u><b>(62,728)</b></u>	<u>(55,673)</u>
<b>Gross profit</b>		<b>24,770</b>	22,070
Fair value gains on investment properties		<b>3,283</b>	5,534
(Loss)/gain on financial assets at fair value through profit or loss	8	<b>(425)</b>	2,481
Other income	6	<b>1,875</b>	1,217
Selling and marketing costs	5	<b>(8,029)</b>	(5,300)
Administrative expenses	5	<b>(3,664)</b>	(2,977)
Other operating expenses	5	<u><b>(1,620)</b></u>	<u>(539)</u>
<b>Operating profit</b>		<b>16,190</b>	22,486
Finance costs, net	7	<b>(1,782)</b>	(607)
Share of (losses)/profits of investments accounted for using the equity method		<u><b>(71)</b></u>	<u>39</u>
<b>Profit before income tax</b>		<b>14,337</b>	21,918
Income tax expenses	9	<u><b>(7,210)</b></u>	<u>(8,632)</u>
<b>Profit for the period</b>		<u><b>7,127</b></u>	<u>13,286</u>

	<b>Six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
<i>Note</i>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RMB million</b>	<b>RMB million</b>
<b>Other comprehensive income</b>		
<i>Item that may be reclassified to profit or loss</i>		
Change in value of available-for-sale financial assets	<b>468</b>	(13)
Share of other comprehensive income of investments accounted for using the equity method	<b>(197)</b>	—
Currency translation differences	<b>175</b>	—
	<u><b>446</b></u>	<u>(13)</u>
<b>Total comprehensive income for the period</b>	<u><b>7,573</b></u>	<u>13,273</u>
<b>Profit attributable to:</b>		
Shareholders of the Company	<b>2,017</b>	9,427
Holders of perpetual capital instruments	<b>4,220</b>	2,611
Non-controlling interests	<b>890</b>	1,248
	<u><b>7,127</b></u>	<u>13,286</u>
<b>Total comprehensive income attributable to:</b>		
Shareholders of the Company	<b>2,463</b>	9,414
Holders of perpetual capital instruments	<b>4,220</b>	2,611
Non-controlling interests	<b>890</b>	1,248
	<u><b>7,573</b></u>	<u>13,273</u>
<b>Earnings per share for profit attributable to shareholders of the Company for the period (expressed in RMB per share)</b>		
— Basic earnings per share	<i>10</i> <u><b>0.147</b></u>	<u>0.626</u>
— Diluted earnings per share	<i>10</i> <u><b>0.145</b></u>	<u>0.617</u>
Dividends	<i>11</i> <u>—</u>	<u>—</u>

## CONDENSED CONSOLIDATED BALANCE SHEET

	<i>Note</i>	<b>30 June 2016 (Unaudited) RMB million</b>	31 December 2015 (Audited) RMB million
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		20,009	16,720
Land use rights		4,670	3,625
Investment properties		121,632	97,146
Properties under development		157	248
Trade and other receivables	12	15,909	10,730
Prepayments	13	8,546	1,038
Intangible assets		521	372
Investments accounted for using the equity method		13,791	8,580
Available-for-sale financial assets		3,074	2,595
Deferred income tax assets		3,463	2,752
Goodwill		<u>885</u>	<u>885</u>
		<u>192,657</u>	<u>144,691</u>
<b>Current assets</b>			
Inventories		1,491	1,311
Properties under development		415,098	329,610
Completed properties held for sale		83,307	54,118
Trade and other receivables	12	37,765	21,708
Prepayments	13	46,472	37,137
Income tax recoverable		6,563	4,131
Financial assets at fair value through profit or loss	8	4,559	307
Restricted cash		93,755	60,932
Cash and cash equivalents		<u>118,248</u>	<u>103,090</u>
		<u>807,258</u>	<u>612,344</u>
<b>Total assets</b>		<u><u>999,915</u></u>	<u><u>757,035</u></u>

	<i>Note</i>	<b>30 June 2016 (Unaudited) RMB million</b>	31 December 2015 (Audited) RMB million
<b>EQUITY</b>			
<b>Equity attributable to shareholders of the Company</b>			
Share capital and premium		963	971
Other reserves		10,701	7,637
Retained earnings		<u>35,484</u>	<u>42,398</u>
		47,148	51,006
Perpetual capital instruments		116,002	75,737
Non-controlling interests		<u>18,898</u>	<u>15,399</u>
<b>Total equity</b>		<u>182,048</u>	<u>142,142</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings		208,509	138,162
Other payables	14	6,099	2,481
Deferred income tax liabilities		<u>33,244</u>	<u>17,569</u>
		<u>247,852</u>	<u>158,212</u>
<b>Current liabilities</b>			
Borrowings		172,752	158,744
Trade and other payables	14	250,706	191,309
Receipt in advance from customers		118,977	83,061
Current income tax liabilities		<u>27,580</u>	<u>23,567</u>
		<u>570,015</u>	<u>456,681</u>
<b>Total liabilities</b>		<u>817,867</u>	<u>614,893</u>
<b>Total equity and liabilities</b>		<u>999,915</u>	<u>757,035</u>
<b>Net current assets</b>		<u>237,243</u>	<u>155,663</u>
<b>Total assets less current liabilities</b>		<u>429,900</u>	<u>300,354</u>

*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 and is engaged in investment holding. The Company and its subsidiaries (the “Group”) are principally engaged in the property development, property investment, property management, property construction, hotel operations, finance business, internet business, health industry business and fast consuming product business in the People’s Republic of China (the “PRC”). The address of its registered office is P.O. Box 309, Uglan House, Grand Cayman, KY1-1104, 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 30 August 2016.

These condensed consolidated interim financial information has not been audited.

**2. BASIS OF PREPARATION**

This condensed consolidated interim financial information for the six months ended 30 June 2016 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 2015, 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 2015, as described in those annual financial statements.

(i) New standards and amendments to standards adopted by the Group as at 1 January 2016

The following new standards, amendments to standards and interpretations are mandatory for the Group’s financial year beginning 1 January 2016. The adoption of these new standards, amendments to standards and interpretations does not have any significant impact to the results and financial position of the Group.

HKFRS 14	Regulatory deferral accounts
HKFRS 11 (Amendment)	Accounting for acquisitions of interests in joint operation
HKAS 16 and HKAS 38 (Amendments)	Clarification of acceptable methods of depreciation and amortisation
HKAS 16 and HKAS 41 (Amendments)	Agriculture: bearer plants
HKAS 27 (Amendment)	Equity method in separate financial statements
Annual improvements 2014	Annual improvements 2012–2014 cycle 1
HKFRS 10, HKFRS 12 and HKAS 28 (Amendment)	Investment entities: applying the consolidation exception
HKAS 1 (Amendment)	Disclosure initiative

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

HKAS 12 (Amendments)	Income tax <sup>1</sup>
HKAS 7 (Amendments)	Statement of cash flows <sup>1</sup>
HKFRS 15	Revenue from contracts with customers <sup>2</sup>
HKFRS 9	Financial instruments <sup>2</sup>
HKFRS 16	Leases <sup>3</sup>
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture <sup>4</sup>

<sup>1</sup> Effective for periods beginning on or after 1 January 2017.

<sup>2</sup> Effective for periods beginning on or after 1 January 2018.

<sup>3</sup> Effective for periods beginning on or after 1 January 2019.

<sup>4</sup> Effective date is to be determined by the International Accounting Standard Board.

(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, health industry business and fast consuming products business (including production and sales of spring water, grain and edible oil, and dairy). 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 gain 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 2016 are as follows:

	<b>Property development RMB million</b>	<b>Property investment RMB million</b>	<b>Property management services RMB million</b>	<b>Other businesses RMB million</b>	<b>Group RMB million</b>
Gross segment revenue	83,738	312	1,989	8,269	94,308
Inter-segment revenue	—	(54)	(1,296)	(5,460)	(6,810)
Revenue	<u>83,738</u>	<u>258</u>	<u>693</u>	<u>2,809</u>	<u>87,498</u>
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	—	—	—	—	<u>(1,782)</u>
Profit before income tax	—	—	—	—	14,337
Income tax expenses	—	—	—	—	<u>(7,210)</u>
Profit for the period	—	—	—	—	<u><u>7,127</u></u>
Depreciation and amortisation	406	—	6	498	910
Fair value gains on investment properties	—	3,283	—	—	<u><u>3,283</u></u>



The segment results and other segment items included in the condensed consolidated statement of comprehensive income for the six months ended 30 June 2015 are as follows:

	Property development <i>RMB million</i>	Property investment <i>RMB million</i>	Property management services <i>RMB million</i>	Other businesses <i>RMB million</i>	Group <i>RMB million</i>
Gross segment revenue	75,374	134	1,161	4,628	81,297
Inter-segment revenue	—	(54)	(463)	(3,037)	(3,554)
Revenue	<u>75,374</u>	<u>80</u>	<u>698</u>	<u>1,591</u>	<u>77,743</u>
Share of post-tax profit of associates	171	—	—	—	171
Share of post-tax loss of joint ventures	(4)	—	—	(128)	(132)
Segment results	15,829	5,834	(132)	(1,487)	20,044
Gain on financial assets at fair value through profit or loss	—	—	—	—	2,481
Finance costs, net	—	—	—	—	<u>(607)</u>
Profit before income tax	—	—	—	—	21,918
Income tax expenses	—	—	—	—	<u>(8,632)</u>
Profit for the period	—	—	—	—	<u><u>13,286</u></u>
Depreciation and amortisation	330	—	4	386	720
Fair value gains on investment properties	<u>—</u>	<u>5,534</u>	<u>—</u>	<u>—</u>	<u><u>5,534</u></u>

Segment assets as at 30 June 2016 are as follows:

	<b>Property development RMB million</b>	<b>Property investment RMB million</b>	<b>Property management services RMB million</b>	<b>Other businesses RMB million</b>	<b>Group RMB million</b>
Segment assets	809,403	121,632	1,539	49,682	982,256
Unallocated assets					<u>17,659</u>
Total assets					<u><u>999,915</u></u>
Segment assets include:					
Interest in associates	152	—	—	13	165
Interest in joint ventures	278	—	—	13,348	13,626

Segment assets as at 31 December 2015 are as follows:

	<b>Property development RMB million</b>	<b>Property investment RMB million</b>	<b>Property management services RMB million</b>	<b>Other businesses RMB million</b>	<b>Group RMB million</b>
Segment assets	622,060	97,146	1,193	26,851	747,250
Unallocated assets					<u>9,785</u>
Total assets					<u><u>757,035</u></u>
Segment assets include:					
Interest in associates	154	—	—	—	154
Interest in a joint venture	634	—	—	7,792	8,426

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 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	
	2016	2015
	<i>RMB million</i>	<i>RMB million</i>
Cost of properties sold	55,946	49,243
Employee benefit expenditure — including directors' emoluments	6,079	5,280
Less: capitalised in properties under development, investment properties under construction and construction in progress	(1,991)	(1,486)
Employee benefit expenses	4,088	3,794
Business tax and other levies	4,131	4,392
Advertising and promotion expenses	5,012	2,605
Sales commissions	427	545
Depreciation of property, plant and equipment	822	631
Amortisation of land use rights and intangible assets	88	89
Operating lease expenses	199	86
Donations	1,124	123

## 6. OTHER INCOME

	Six months ended 30 June	
	2016	2015
	<i>RMB million</i>	<i>RMB million</i>
Interest income from bank deposits	1,133	482
Forfeited customer deposits	134	82
Gain on disposal of property, plant and equipment and investment properties	57	210
Others	551	443

## 7. FINANCE COST, NET

	Six months ended 30 June	
	2016	2015
	<i>RMB million</i>	<i>RMB million</i>
<b>Finance costs</b>		
Interest expenses from borrowings	(13,549)	(7,879)
Less: interest capitalised	<u>13,549</u>	<u>7,879</u>
	—	—
Exchange (losses)/gain	(1,572)	27
Other finance costs	<u>(210)</u>	<u>(634)</u>
	<u><u>(1,782)</u></u>	<u><u>(607)</u></u>

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Six months ended 30 June	
	2016	2015
	<i>RMB million</i>	<i>RMB million</i>
Balance as at 1 January	307	10,950
Additions	4,677	1,600
Changes in fair value of financial assets	(425)	2,481
Disposals	<u>—</u>	<u>(15,031)</u>
Balance as at 30 June	<u><u>4,559</u></u>	<u><u>—</u></u>

As at 30 June 2016, financial assets at fair value through profit or loss represented the Group's equity investments in certain companies listed on China A-share and the Main Board of The Stock Exchange (2015: nil), which are quoted in an active market.

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

## 9. INCOME TAX EXPENSES

	Six months ended 30 June	
	2016	2015
	<i>RMB million</i>	<i>RMB million</i>
Current income tax		
— Hong Kong profits tax	12	—
— PRC corporate income tax	4,157	3,898
— PRC land appreciation tax	3,159	3,002
Deferred income tax		
— PRC corporate income tax	(447)	371
— PRC land appreciation tax	<u>329</u>	<u>1,361</u>
	<u><u>7,210</u></u>	<u><u>8,632</u></u>

### **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% (six months ended 30 June 2015: 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 2015: 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 Enterprise Income Tax Law of the PRC, starting from 1 January 2008, a withholding tax of 10% will be levied when the Group's PRC subsidiaries declare dividend out of profits earned after 1 January 2008 to their overseas holding companies. 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 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.

## **10. 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.

## **11. DIVIDENDS**

The Board of Directors of the Company resolved not to declare any dividend in respect of the six months ended 30 June 2016 (six months ended 30 June 2015: nil).

A final dividend in respect of the year ended 31 December 2015 of RMB0.38 per share totaling RMB5,199 million has been approved by the shareholders of the Company in the Annual General Meeting of the Company on 16 June 2016. This final dividend has been recognised as a liability in this interim financial information.

## 12. TRADE AND OTHER RECEIVABLES

	<b>30 June 2016</b>	31 December 2015
	<i>RMB million</i>	<i>RMB million</i>
Trade receivables ( <i>note a</i> )	24,413	19,659
Other receivables	<u>29,261</u>	<u>12,779</u>
	<b>53,674</b>	32,438
Less: non-current portion	<b>(15,909)</b>	(10,730)
Trade receivables ( <i>note a</i> )	<b>(15,535)</b>	(10,327)
Other receivables	<b>(374)</b>	(403)
Current portion	<u><b>37,765</b></u>	<u>21,708</u>

As at 30 June 2016 and 31 December 2015, 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:

	<b>30 June 2016</b>	31 December 2015
	<i>RMB million</i>	<i>RMB million</i>
Within 90 days	10,657	9,242
Over 90 days and within 180 days	126	122
Over 180 days and within 365 days	4,868	5,662
Over 365 days	<u>8,762</u>	<u>4,633</u>
	<u><b>24,413</b></u>	<u>19,659</u>

As at 30 June 2016, trade receivables of RMB912 million (31 December 2015: RMB663 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 2016 (31 December 2015: nil). The aging analysis of these trade receivables is as follows:

	<b>30 June 2016</b>	31 December 2015
	<i>RMB million</i>	<i>RMB million</i>
Within 1 year	<b>767</b>	580
Over 1 year	<b>145</b>	83
	<b>912</b>	663

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.

### 13. PREPAYMENTS

	<b>30 June 2016</b>	31 December 2015
	<i>RMB million</i>	<i>RMB million</i>
Prepaid business taxes and other taxes	<b>5,411</b>	3,647
Prepayments and advances to third parties	<b>49,607</b>	34,528
— for acquisition of land use rights	<b>31,956</b>	28,689
— for an equity investment ( <i>note a</i> )	<b>7,147</b>	—
— for acquisition of subsidiaries	<b>7,285</b>	2,820
— others	<b>3,219</b>	3,019
	<b>55,018</b>	38,175
Less: non-current portion	<b>(8,546)</b>	(1,038)
— prepayment for acquisition of property, plant and equipment and intangible assets	<b>(1,399)</b>	(1,038)
— prepayment for an equity investment ( <i>note a</i> )	<b>(7,147)</b>	—
	<b>46,472</b>	37,137

- (a) Amounts represented prepayments for acquisition of 1,001,680,000 domestic shares of Shengjing Bank Co., Ltd., a Hong Kong listed company.

#### 14. TRADE AND OTHER PAYABLES

	<b>30 June 2016</b>	31 December 2015
	<i>RMB million</i>	<i>RMB million</i>
Trade payables	<b>142,529</b>	132,517
Other payables	<b>99,861</b>	54,465
Dividend payables	<b>5,263</b>	—
Payroll payable	<b>982</b>	1,498
Accrued expenses	<b>5,952</b>	3,488
Other taxes payable	<b>2,218</b>	1,822
	<b>256,805</b>	193,790
Less: non-current portion of other payables	<b>(6,099)</b>	(2,481)
	<b>250,706</b>	191,309

The aging analysis of trade payables is as follows:

	<b>30 June 2016</b>	31 December 2015
	<i>RMB million</i>	<i>RMB million</i>
Within one year	<b>127,734</b>	119,488
Over one year	<b>14,795</b>	13,029
	<b>142,529</b>	132,517



## BUSINESS REVIEW

In the first half of 2016, amid a complicated domestic and overseas environment and on-going supply-side reforms, the Chinese economy recorded a steady GDP growth of 6.7% as compared with the same period last year. Stimulated by the steady economic growth and a series of favorable policies, the property market made a strong recovery. According to statistics of the National Bureau of Statistics, sales of commodity housing reached 643.02 million square meters and RMB4,868.2 billion, representing a period-on-period increase of 27.9% and 42.1% respectively, where residential properties accounted for 28.6% and 44.4% of the increase respectively. There was also a rebound to property investment. Investment in property development and housing starts in China amounted to RMB4,663.1 billion and 775.37 million square meters for the first half of the year, representing a period-on-period increase of 6.1% and 14.9% respectively.

In addition, it is noteworthy that the property market demonstrated certain new characteristics in its course of rapid development. On the one hand, it was further segmented and the focus shifted even more prominently to major first and second-tier cities and those in their vicinity. According to data issued by the China Index Academy, prices of new properties increased by 12.79% in first-tier cities and 5.33% in second-tier cities in general but over 20% in certain major ones such as Suzhou and Nanjing. On the other hand, the floor area per capita in China had enhanced significantly and purchasers sought higher quality, which spurred higher demand for higher quality properties.

Against this industry background, the Board set out to further solidify the property businesses, which were the principal operations, by optimising plans for first and second-tier cities, boosting sales and collection, better managing construction and application and enhancing product quality and after-sales service. It also strengthened plans and management of capital and consistently adhered to its strategy of diversity, resulting in a significant increase in key operational figures over past performance. For the first half of 2016, the aggregate contracted sales of the Group's properties amounted to approximately RMB141.78 billion and 16.61 million square meters, representing a period-on-period increase of 62.8% and 45.9% respectively, and the average price of the contracted sales amounted to RMB8,538 per square meter, representing a period-on-period increase of 11.5%. Moreover, the Group's contracted sales for July 2016 amounted to RMB43.01 billion, a record high for a single month in the industry in China. As of 30 June 2016, the gross floor area of the Group's land reserves was 186 million square meters and the accumulated average cost was RMB1,302 per square meter; area under construction was 68.55 million square meters, involving 379 projects. As at 30 June 2016, the Group had total cash (including cash and cash equivalents and restricted cash) of RMB212.00 billion.

### Land Reserves

**Solid plans for first and second-tier cities for higher sustainable profitability.** In order to capture development opportunities, the Group had carried out further optimization of the regional layout of residential projects and replenishment of selected quality land reserves. During the reporting period, the Group acquired quality land reserves in a prudent manner without compromising financial soundness.

As at 30 June 2016, the total gross floor area of the Group's land reserves was 186 million square meters, representing an increase of 29.86 million square meters, or approximately 19.0%, as compared with the end of the 2015.

During the Reporting Period, the Group newly acquired 80 pieces of land for its land bank and further acquired land in the surrounding areas for 12 existing projects. Such new projects, which are located in 57 cities including Beijing, Guangzhou, Nanjing, Chengdu, Chongqing, Jinan, Harbin, Nanning, Wuhan, Dalian, Quanzhou, Dongguan and others, had a planned construction area of approximately 42.36 million square meters and an average cost of RMB1,994 per square meter. As at 30 June 2016, the Group held land reserves of 186 million square meters, covering 175 cities in the PRC, and the Group had 454 projects and recorded an accumulated average cost of approximately RMB1,302 per square meter.

Among the 80 projects newly acquired by the Group, 10.1% are located in first-tier cities and 63.8% are in second-tier cities by amount of investment, totalling 73.9%. The newly acquired projects in third-tier cities were located in the city centers of Huizhou, Yueyang, Xuchang and other cities. Against a backdrop of a reviving domestic property market, the Group believes that a large amount of quality yet low-cost land would lay solid foundations for the rapid and steady development of the Group.

## **Contracted Sales**

**Upward trend in both contracted sales volume and price setting record highs for this period of year.** During the Reporting Period, the aggregate contracted sales of the Group's properties amounted to approximately RMB141.78 billion and 16.61 million square meters, and the average price of the contracted sales amounted to RMB8,538 per square meter. These three items increased by 62.8%, 45.9% and 11.5% as compared with the corresponding period in 2015, marking a new height in terms of half-yearly sales results for the Group.

The continued growth in sales results was mainly attributable to the Group's recalibrated project layout, upgraded ancillary facilities of products and standards of interior decoration, the continued policy of "return with no reason required" as well as flexible and practical sales strategy and a brand-new sales model. Meanwhile, the Group launched a portion of retail stores and parking spaces from time to time, which, to a certain extent, contributed to the increase in total sales volume and transaction prices as compared with the corresponding period in 2015. In the first half of 2016, the average single-month transaction price of the Group was over RMB8,000 per square meter save for June and the figure was RMB9,454 per square meter in May. Except for the month of February, single-month contracted sales amounts all exceeded RMB20 billion and, in June, reached RMB31.34 billion. The Board was of the opinion that the increasing average transaction price and contracted sales amount were favorable for maintaining the profit margins of the major businesses of the Group.

During the reporting period, the Group launched 38 new projects in 28 cities including Beijing, Tianjin, Foshan, Changsha, Wuhan, Chongqing, Qingdao, Haikou, Chengdu, Guiyang, Harbin, Shijiazhuang, Taiyuan, Xi'an, Quanzhou, Ziyang, Jingdezhen and others. The above new projects achieved contracted sales of RMB27.42 billion and an average contracted price of over RMB9,300 per square meter. The number of projects for sale accumulated to 395, spanning across 165 cities.

In the first half of year, the contracted sales amount was RMB141.78 billion, of which the contracted sales amount for first-tier cities was RMB10.60 billion, or 7.5%; the sales amount for second-tier cities was RMB80.16 billion, or 56.5%. The project layout had been further optimized.

## **PROPERTY DEVELOPMENT**

**Commitment to the rational arrangement on construction work and emphasis on matching with sales and completion.** During the reporting period, the area of new construction of the Group was 23.69 million square meters, representing an increase of 81.0% as compared with 13.09 million square meters of the corresponding period in 2015. As at 30 June 2016, the Group had 379 projects under construction and the GFA under construction was 68.55 million square meters, which secured ample properties for sale and completion and delivery on schedule.

During the reporting period, the Group persisted in implementing standardized operations. Through continuously optimizing the integrated management of the Group and management of targets and plannings, the Group completed a GFA of 13.75 million square meters as scheduled, delivered 325 projects in total with a transaction value of RMB83.74 billion and an area of 10.80 million square meters.

## **Financial Resources**

**Adherence to the strategy of “cash is king” to raise the total amount of cash, lower its net debt ratio and stabilize net profit margin from main operations.**

In light of the unstable market during the Reporting Period, the Group has continuously strengthened its financial resources through a combination of measures to mitigate potential risks. The Group took a combination of measures to collect sales proceeds of over RMB110.00 billion in line with the record-high contract sales during the Reporting Period. In the first half of 2016, the Group successfully issued RMB10.00 billion non-public PRC corporate bonds and US\$700 million senior notes due in 2019 overseas. Net increase of perpetual bonds is RMB40.27 billion.

With the above measures, the total cash of the Group at the end of the period reached RMB212.00 billion, which was the highest level since its listing. Banking on the solid cooperation foundation with large-scale commercial banks in China, the Group's unutilized banking facilities reached RMB126.01 billion at the end of the period. Together with the total cash of RMB212.00 billion at the end of the Reporting Period, the Group's available funds amounted to RMB338.01 billion in total.

Meanwhile, the Group started selling aged completed properties at discounted prices since June 2016 to boost its contracted sales and increase cash collection. The Board believes that, after the clearance of aged properties, the Group could shift its focus on further optimization of land reserve and product quality of the projects. Inventory turnover rate could also increase, resulting in more cash collected in the future.

## **Diversified Operations**

**During the first half of 2016, the Group, while continuing to consolidate its principal operations of property development, continued to develop its diversified operations of finance, internet, healthcare and cultural tourism.**

Since the acquisition in November 2015, Great Eastern Life, which then changed its name to Evergrande Life, had recorded an aggregated premium and total assets of RMB34.89 billion and RMB44.6 billion. In April 2016, the Group entered into agreements with several domestic shareholders to acquire 17.28% shares of Shengjing Bank.

In November 2015, the Group entered the internet sector. Since the launch of hdfax.com in March 2016, there had been a total of near 10,000,000 registered users, of which 370,000 had made transactions with total trading volume over RMB8.89 billion.

HengTen Networks (00136.HK), with businesses ranging from three basic sectors namely property services, neighborhood socializing and basic services, entered two value-added sectors namely internet households and community finance.

Evergrande Health (00708.HK) commenced operations relating to health communities, new high-end international hospitals, community health support, medical cosmetics and anti-aging.

The Group put great effort in developing livelihood-related healthcare business and distributed green and healthy products such as mineral water, groceries and milk to consumers. At present, a strategic plan of brand building, network expansion and gaining market share has been laid out.

Leveraging advantages in the Hainan International Tourism Island and the Great Shanghai Economic Circle as well as immense community-related resources of the Group, the Group began to develop large comprehensive cultural tourist projects such as 中國海南海花島 (China Hainan Haihua Island) and Hengda Haishang Venice to promote cultural tourism.

Evergrande Cinemas of 恒大文化 (Evergrande Culture) (834899) opened 56 cinemas with 405 screens and intends to open a further 40 cinemas with 278 screens in the second half of the year, to reach a total of 96 cinemas with 683 screens.

## **BUSINESS OUTLOOK**

At this juncture, China's economy is still facing downward pressure. It is expected that the central government's macro-economic policy will remain focused on stability and aim to keep economic growth and employment stable. The property market therefore will be subject to accommodative policies on the whole with inventory reduction remaining the keynote. However, adjustment policies will diverge among certain major cities. With this further divergence and the higher industry concentration, developers must recognize as their priority the need to further enhance product quality and reduce costs through sub-divided management so as to enhance competitiveness.

As one of the top 500 companies in the world and a leading property developer in China, the Group will further solidify foundations of its property business in the second half of the year by further optimizing and enlarging of its land bank in pursuit of annual sales targets. With regard to diversified operations, it will focus on expansion, reinforcement, consolidation, intensification and synergies in order to make long strides.

### **Land Reserves**

In the second half of 2016, the Group will replenish quality land reserves in a prudent and practical manner, optimize the geographical layout of its projects and step up efforts to enhance its profitability to achieve high quality and coordinated development. The project expansion will focus on central areas of cities while new acquisition in the third-tier cities will be carried out based on stricter quantifiable criteria to further raise gross profit margins. Cost effective methods such as acquisition and merger and cooperation in development will become the major ways to acquire projects in the next stage of project expansion. As at 30 June 2016, the aggregate land premium payable by the Group amounted to RMB381.96 billion, with RMB301.71 billion paid and RMB80.25 billion outstanding and undue. Of the outstanding amount, RMB37.73 billion is due in the second half of 2016; RMB28.77 billion is due in 2017; RMB8.92 billion is due in 2018; and RMB4.83 billion is due after 2019.

### **Contracted Sales**

The Group will ensure it has sufficient inventory, formulate its regional sales plan in line with key focus areas, insist on reviewing the completion result of sales 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 around 96 new residential projects available for sale, locating in regions such as Shanghai, Shenzhen, Chongqing, Jinan, Wuhan, Harbin, Taiyuan, Nanning, Hefei, Changchun, Dalian, Xiamen, Xinxiang and Dongguan. The Group proposes to capitalize on market timing and selectively develop new projects for sale in accordance with overall market needs. Apart from this, the Group also has further arrangement on 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 and aim to elevate sales performance in a flexible and practical manner. Given the remarkable sales performance in the first half of 2016, the RMB43.01 billion contracted sales for July 2016 which was a record high for a single month of both the Group and the industry, that 92.4% of the RMB200.0 billion total contract sales target for 2016 had been achieved in the first seven months,

together with its exceptional execution capability and product strength, the Group has upwardly adjusted such goal to RMB300.0 billion. The Board is confident that the Group can outperform its full-year contract sales target of RMB300.0 billion.

### **Financial Capital**

The Group will continue to maintain its steady financial policies, endeavor to raise the total amount of cash and maintain its net profit margin for its main operations. To accomplish this, the Group will further enhance the collection of sales proceeds, set reasonable sales prices, increase the turnover of inventories, sell part of the commercial premises and continue to expand project cooperation. Meanwhile, the Group will formulate more reasonable plans for commencement, completion and payment, and rationally control material expenditures in land and construction.

The Group has implemented a strict payment management plan while leveraging diversified financing channels and managing the dynamic balance between capital inflow and outflow.

With respect to the control of costs and expenses, the Group will continue to fully implement reforms of product upgrades and standardization to ensure product quality and reduce costs. The Group will also utilize new promotion channels to lower its selling expenses, develop leading SAP and ERP systems in the industry and make full use of information technology to reduce operating expenses.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Overall Performance**

The Group recorded revenue of RMB87.50 billion for the reporting period (2015H1: RMB77.74 billion), representing a period-on-period growth of 12.6%. Gross profit amounted to RMB24.77 billion (2015H1: RMB22.07 billion), representing a period-on-period growth of 12.2%.

Core business profit of property development and other businesses was RMB7.81 billion for the Reporting Period, which is calculated based on net profit for the Reporting Period excluding fair value gains, exchange losses, losses on financial assets at fair value through profit or loss and one-off donation. The core business profit rate was 8.9% for the Reporting Period.

### **Revenue**

During the Reporting Period, the revenue is RMB87.50 billion. A growth rate of 12.6% in revenue was recorded compared with the corresponding period of 2015. Revenue generated from the property development segment increased by 11.1% to RMB83.74 billion. The increase was mainly due to the property area of recognized sales increased by 0.4% as compared with the corresponding period of 2015 and the average selling price of the properties increased by 10.6% as compared with the corresponding period of 2015. Revenue generated from property management amounted to RMB693 million. Revenue generated from investment properties amounted to RMB258 million, up by 222.5%, which was mainly rental income from the properties.

## **Gross Profit**

Gross profit of the Group was RMB24.77 billion for the Reporting Period, representing a 12.2% growth as compared with the corresponding period of last year. Increase in gross profit was mainly attributable to over 10.6% of growth in the average selling price. Gross profit rate is 28.3%, remaining relatively stable comparing to the corresponding period of last year.

## **Fair Value Gain on Investment Properties**

Fair value gain of investment properties of the Group for the Reporting Period was RMB3.28 billion, representing a decrease of 40.7% as compared with the corresponding period of 2015. Investment properties of the Group mainly include commercial podiums in living communities, office buildings with gross floor area of about 6.04 million square meters and approximately 387,000 car parking spaces.

## **Loss on Financial Assets at Fair Value through Profit or Loss**

Loss on financial assets at fair value through profit or loss was RMB425 million for the Reporting Period due to the drop of value of the securities held by the Group.

## **Selling and Marketing Costs**

During the Reporting Period, selling and marketing costs of the Group rose from RMB5.30 billion for the corresponding period of 2015 to RMB8.03 billion, which was mainly attributable to the increase in the number of projects launched and significant increase in contracted sales during the six months ended 30 June 2016. A large portion of costs were spent on nationwide marketing and brand publicity activities, which resulted in a rise in contracted sales. These costs were booked as selling and marketing expenses in the Reporting Period. However, corresponding revenue could only be recognized only after the delivery of property possession. Measures have been implemented to ensure that the Group did not overrun selling and marketing budgets on basis of contract sales amount. In terms of the proportion of selling and marketing expenses to contracted sales, similar percentages could be found both in the Reporting Period and corresponding period of 2015.

## **Administrative Expenses**

During the Reporting Period, administrative expenses of the Group increased to RMB3.66 billion from RMB2.98 billion for the corresponding period of 2015, which was mainly attributable to the continuous expansion of the Group's nation-wide business and significant growth in contracted sales for the six months ended 30 June 2016. Office expenses and depreciation increased accordingly. The level of staff remuneration also increased.

## Borrowings

As at 30 June 2016, the borrowings of the Group amounted to RMB381.26 billion, with the following maturities:

	<b>30 June 2016</b> <i>(RMB billion)</i>	<b>As percentage of total borrowings</b>	<b>31 December 2015</b> <i>(RMB billion)</i>	<b>As percentage of total borrowings</b>
Less than 1 year	172.8	45.3%	158.7	53.5%
1–2 years	89.1	23.4%	54.8	18.5%
2–5 years	106.9	28.0%	74.0	24.9%
More than 5 years	12.5	3.3%	9.4	3.1%
	<u>381.3</u>	<u>100.0%</u>	<u>296.9</u>	<u>100.0%</u>

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 8.46% per annum (2015H1: 9.94%).

## 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 20% of borrowings denominated in foreign currencies, such as US\$, HK\$ and etc.

We estimate Renminbi exchange rate to continue its two-way volatility as Renminbi exchange mechanism becomes more market-oriented. However, even though exchange loss of RMB1.57 billion was recorded in the reporting period, there is still uncertainty on the actual exchange losses or gains from repaying these borrowings on due dates.

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

## Liquidity

As at 30 June 2016, the total amount of cash and cash equivalents and restricted cash of the Group was RMB212.00 billion, together with unutilized banking facilities of RMB126.01 billion. The abundant working capital provided opportunities for the Group to seek the best business opportunities and provided adequate financial support to the rapid development.



## LAND RESERVES

During the reporting period, the Group acquired 80 pieces of land as reserves, covering 57 cities. The planned GFA was approximately 42.36 million square meters and the average acquisition cost was RMB1,994 per square meter.

### Distribution of newly acquired land reserves of the Group in the first half of 2016

No.	Name of Projects	City (Prefecture-level)	Area (square meters)	Total Gross Floor Area (square meters)	Total Area of Land Reserve	Proportion of shareholding as of 30 June 2016
<b>Guangdong Province</b>						
	Evergrande Palm Islands Huiyang	Huizhou	284,201	415,941	415,941	100.00%
2	Evergrande Royal Garden Shunde	Foshan	39,405	211,743	153,943	100.00%
3	Evergrande Top Mansion Foshan	Foshan	108,898	402,923	402,923	100.00%
4	Evergrade Xiaogui Bay Huizhou	Huizhou	158,347	395,867	395,867	100.00%
5	Evergrande Scenic Garden Zengcheng	Guangzhou	99,014	227,732	227,732	100.00%
6	Evergrande Metropolis Chaozhou	Chaozhou	101,924	356,734	356,734	100.00%
7	Evergrande Oasis Jieyang	Jieyang	193,248	458,240	458,240	100.00%
8	Evergrande Emerald Court Foshan	Foshan	51,271	153,813	27,113	100.00%
9	Evergrade City Foshan	Foshan	74,271	207,958	207,958	100.00%
10	Evergrande Emerald Court Dongguan	Dongguan	75,178	112,767	112,767	100.00%
11	Evergrande Royal Lake Bay Foshan	Foshan	135,831	332,070	332,070	80.00%
12	Evergrande Bay Donguan	Dongguan	121,000	177,565	177,565	100.00%
<b>Beijing City</b>						
13	Evergrande Palace Beijing	Beijing	529,175	235,656	198,776	100.00%
<b>Shanghai City</b>						
14	Evergrande Royal Seaview Garden Qingpu	Shanghai	751,806	375,903	375,903	90.00%
<b>Chongqing City</b>						
15	Evergrande Central Square Chongqing	Chongqing	132,502	1,028,949	1,028,949	100.00%
<b>Tianjin City</b>						
16	Evergrande Royal Scenic Bay Tianjin	Tianjin	88,065	161,635	161,635	100.00%
<b>Hubei Province</b>						
17	Evergrande Evergreen Garden Wuhan	Wuhan	373,909	1,300,000	1,300,000	60.00%
18	Evergrande Emerald Court Wuhan	Wuhan	101,844	246,250	246,250	100.00%
19	Evergrande Metropolis Jingzhou	Jingzhou	83,009	249,027	249,027	100.00%
<b>Sichuan Province</b>						
20	Evergrande Royal Peninsula Chendu	Chengdu	950,072	2,567,393	2,567,393	60.00%
21	Evergrande Metropolis Chengdu	Chengdu	65,195	246,059	246,059	100.00%
22	Evergrande Minjiang City Chengdu	Chengdu	189,617	511,424	511,424	100.00%
23	Evergrande Jincheng Chendu	Chengdu	83,848	218,006	218,006	100.00%
<b>Liaoning Province</b>						
24	Evergrande City Lights Dalian	Dalian	32,068	128,400	128,400	100.00%
25	Evergrande Left Bank Riverfront Shenyang	Shenyang	299,669	599,338	599,338	100.00%
<b>Shaanxi Province</b>						
26	Evergrande Royal Dragon Bay Xi'an	Xi'an	158,644	237,966	237,966	100.00%

No.	Name of Projects	City (Prefecture-level)	Area (square meters)	Total Gross Floor Area (square meters)	Total Area of Land Reserve	Proportion of shareholding as of 30 June 2016
<b>Jiangsu Province</b>						
27	Evergrande Dragon Garden Nanjiang	Nanjing	72,434	123,137	123,137	100.00%
28	Evergrande Left Bank Riverfront Xuzhou	Xuzhou	124,945	284,077	284,077	95.00%
29	Suzhou Industrial New Zone	Suzhou	84,300	168,500	168,500	100.00%
30	Evergrande Scenic View Garden Changzhou	Changzhou	58,625	205,187	205,187	100.00%
31	Evergrande Royal View Garden Yancheng	Yancheng	259,015	518,030	518,030	100.00%
<b>Guizhou Province</b>						
32	Evergrande Royal View Garden Guiyang	Guiyang	230,172	1,201,295	1,051,195	100.00%
33	Evergrande Golden Sun City Guiyang	Guiyang	2,152,684	3,134,069	2,793,139	100.00%
<b>Anhui Province</b>						
34	Evergrande Crystal International Plaza Hefei	Hefei	89,158	270,943	270,943	50.40%
<b>Hunan Province</b>						
35	Evergrande Royal View Garden Huaihua	Huaihua	334,623	501,925	501,925	60.00%
36	Evergrande Emerald Court Xiangtan	Xiangtan	143,199	715,997	613,881	60.00%
37	Evergrande Royal View Splendor Changsha	Changsha	298,042	536,476	536,476	51.00%
38	Evergrande Financial Plaza Changsha	Changsha	49,397	348,434	306,495	60.00%
39	Evergrande Royal View Garden HuaihuaChenzhou	Chenzhou	121,668	365,004	320,804	65.00%
40	Changsha Huangxing Road North Project	Changsha	56,622	198,178	198,178	51.00%
41	Evergrande Palace Zhuzhou	Zhuzhou	199,995	599,984	599,984	60.00%
42	Evergrande Oasis Yueyang	Yueyang	120,153	364,525	364,525	65.00%
<b>Guangxi Zhuang Autonomous Region</b>						
43	Evergrande Bay Guilin	Guilin	67,304	121,148	121,148	100.00%
44	Evergrande Palace Liuzhou	Liuzhou	132,394	436,900	436,900	100.00%
45	Evergrande Atrium Nanning	Nanning	62,906	138,394	138,394	100.00%
46	Evergrande Scenic View Garden Nanning	Nanning	44,633	178,531	178,531	100.00%
47	Evergrande Atrium Liuzhou	Liuzhou	150,045	750,223	750,223	100.00%
<b>Henan Province</b>						
48	Evergrande Emerald Court Xuchang	Xuchang	62,556	233,361	233,361	100.00%
49	Evergrande Mansion Zhengzhou	Zhengzhou	72,590	181,474	181,474	100.00%
50	Evergrande Atrium Zhengzhou	Zhengzhou	43,312	129,936	129,936	100.00%
51	Evergrande Rpoal Scenic Peninsula Pingdingshan	Pingdingshan	79,702	141,978	141,978	64.00%
52	Evergrande Future City Zhengkai	Kaifeng	735,757	2,657,100	2,657,100	51.00%
<b>Jiangxi Province</b>						
53	Evergrande Palace Nanchang	Nanchang	61,456	184,369	184,369	100.00%
54	Evergrande Bay Jiujiang	Jiujiang	107,429	236,343	236,343	60.00%
55	Evergrande Royal Garden Ganzhou	Ganzhou	91,917	183,834	183,834	100.00%

No.	Name of Projects	City (Prefecture-level)	Area (square meters)	Total Gross Floor Area (square meters)	Total Area of Land Reserve	Proportion of shareholding as of 30 June 2016
<b>Hebei Province</b>						
56	Evergrande Scenic Garden Xingtai	Xingtai	334,588	831,451	831,451	58.00%
57	Evergrande Emerald Court Handan	Handan	74,703	261,461	261,461	100.00%
<b>Hainan Province</b>						
58	Evergrande Elissa Haikou	Haikou	1,865,094	1,983,577	1,747,657	100.00%
59	Evergrande First Palace Sanya	Sanya	86,033	370,587	370,587	100.00%
60	Evergrande Royal Seaview Garden	Lingshui Li Autonomous County	299,415	245,461	245,461	100.00%
<b>Shandong Province</b>						
61	Evergrande Golden Beach Qingdao	Qingdao	335,790	429,771	429,771	100.00%
62	Evergrande Palm Islands Dongying	Dongying	373,637	445,576	313,080	100.00%
63	Evergrande City Jinan	Jinan	83,180	311,410	311,410	100.00%
<b>Jilin Province</b>						
64	Evergrande First Palace Changchun	Changchun	188,431	395,705	395,705	100.00%
<b>Hingxia Hui Autonomous Region</b>						
65	Evergrande Royal View Garden Yinchuan	Yinchuan	89,312	178,624	178,624	100.00%
<b>Zhejiang Province</b>						
66	Evergrande Crystal International Plaza Hangzhou	Hangzhou	174,165	399,802	399,802	100.00%
<b>Fujian Province</b>						
67	Evergrande Oasis Longyan	Longyan	70,459	242,544	242,544	100.00%
68	Evergrande Royal Scenic Nanping	Nanping	112,002	224,000	224,000	100.00%
69	Evergrande Royal Scenic Quanzhou	Quanzhou	147,283	194,597	194,597	100.00%
70	Evergrande City Fuqing	Fuzhou	126,506	348,404	348,404	100.00%
71	Evergrande Scenic Garden Fuzhou	Fuzhou	133,333	201,043	201,043	100.00%
72	Evergrande Scenic Garden Wuyishan	Nanping	99,694	52,862	52,862	100.00%
<b>Heilongjiang Province</b>						
73	Evergrande Royal Garden Harbin	Harbin	103,000	288,400	288,400	100.00%
74	Evergrande Atrium Harbin	Harbin	31,765	149,798	149,798	87.00%
75	Evergrande Royal Scenic Qiqihar	Qiqihar	25,924	77,760	77,760	100.00%
76	Evergrande Grand Century Harbin	Harbin	61,933	123,866	123,866	100.00%
77	Evergrande International Center Harbin	Harbin	47,420	156,486	156,486	100.00%
78	Evergrande Grand Splendor Harbin	Harbin	72,763	87,315	87,315	100.00%
79	Evergrande Harmonious City Harbin	Harbin	30,405	69,932	69,932	100.00%
<b>Xinjiang Uyghur Autonomous Region</b>						
80	Evergrande Oasis Urumchi	Urumchi	57,467	143,667	143,667	100.00%
<b>Total for new projects</b>			<b>16,413,346</b>	<b>34,882,810</b>	<b>33,613,729</b>	

No.	Name of Projects	City (Prefecture-level)	Area (square meters)	Total Gross Floor Area (square meters)	Total Area of Land Reserve	Proportion of shareholding as of 30 June 2016
<b>New Land Expansion Projects in 2016</b>						
1	Expansion Land of Evergrande City Liuzhou	Liuzhou	77,573	193,933	193,933	100%
2	Expansion Land of Evergrande Splendor Chongqing (Phase III)	Chongqing	162,969	292,997	292,997	100%
3	Expansion Land of Evergrande Splendor Xinxiang (Phase III)	Xinxiang	182,380	335,409	335,409	100%
4	Expansion Land of Ocean Flower Island (Phase IX)	Danzhou	1,531,762	5,864,641	5,864,641	100%
/	Expansion Land of Ocean Flower Island (Phase X)	Danzhou	324,137	324,137	324,137	100%
5	Huailai Project Zhangjiakou (Second batch of Phase I)	Zhangjiakou	381,580	763,160	763,160	100%
6	Expansion Land of Evergrande Royal View Garden Nanyang (Phase II)	Nanyang	35,499	70,998	70,998	100%
7	Evergrande The Coronation Putian	Putian	196,445	208,231	208,231	100%
8	Expansion Land of Evergrande Emerald Court Qiqihar	Qiqihar	43,864	131,500	131,500	100%
9	Changchun Qianjin Road Project	Changchun	54,394	108,788	108,788	100%
10	Evergrande Scenic Garden Zhengzhou (114 mu of post-Phase I)	Zhengzhou	76,129	83,740	83,742	51%
11	Expansion Land of Evergrande Scenic Garden Wuqing	Tianjin	202,502	299,700	299,700	100%
12	Expansion Land of Evergrande Central Square Chengdu	Chengdu	15,892	71,514	71,514	100%
<b>Total for new land reserve</b>			<b>19,698,472</b>	<b>43,631,558</b>	<b>42,362,478</b>	

## CONTRACTED SALES

During the reporting period, the Group achieved contracted sales of RMB141.78 billion, accomplishing 47.3% of its sales target for the entire year as upward-adjusted. The area of the contracted sales was 16.61 million square meters, while the average price of the contracted sales amounted to RMB8,538 per square meter. During the first half of the year, the Group launched 38 new projects for sale. As at 30 June 2016, the accumulated number of projects for sale was 395, spanning across 30 regions and 165 cities in China.

## Regional distribution of contracted sales for the period

No.	Province	Contracted Sales Amount (in RMB million)	Percentage
1	Guangdong Province	15,444	10.9%
2	Anhui Province	9,253	6.5%
3	Guangxi Zhuang Autonomous Region	4,972	3.5%
4	Yunnan Province	1,579	1.1%
5	Zhejiang Province	3,135	2.2%
6	Jiangsu Province	9,425	6.6%
7	Shanghai	2,766	2.0%
8	Henan Province	6,878	4.9%
9	Hunan Province	6,782	4.8%
10	Beijing	4,901	3.5%
11	Tianjin	2,985	2.1%
12	Hebei Province	6,439	4.5%
13	Inner Mongolia Autonomous Region	1,921	1.4%
14	Jiangxi Province	5,750	4.1%
15	Hubei Province	9,189	6.5%
16	Shanxi Province	4,928	3.5%
17	Xinjiang Uyghur Autonomous Region	246	0.2%
18	Shandong Province	7,662	5.4%
19	Hainan Province	9,286	6.5%
20	Sichuan Province	5,637	4.0%
21	Fujian Province	3,029	2.1%
22	Gansu Province	1,030	0.7%
23	Qinghai Province	99	0.1%
24	Ningxia Hui Autonomous Region	483	0.3%
25	Shaanxi Province	1,767	1.2%
26	Chongqing	5,159	3.6%
27	Guizhou Province	2,811	2.0%
28	Jilin Province	1,795	1.3%
29	Heilongjiang Province	3,597	2.5%
30	Liaoning Province	2,831	2.0%
	<b>Total</b>	<b>141,779</b>	<b>100%</b>

As of the end of July 2016, the amount of contracted sales was RMB184.79 billion, representing 61.6% of the up-lifted annual sales target while the gross floor area of contracted sales was 22.86 million square meters.

## **PROPERTY DEVELOPMENT**

As of the end of the period, the Group's area under construction was 68.55 million square meters, involving 379 projects.

As of the end of the period, the Group had 225 completed projects, which were situated in 29 primary regions in China. The total completed GFA reached 13.75 million square meters.

During the period, the Group delivered a total of 325 projects with a delivery value of RMB83.74 billion, representing a period-on-period increase of 11.1%; the delivered area was 10.80 million square meters, which remained stable as compared with the same period last year; the average price of delivery was RMB7,753 per square meters, representing a period-on-period increase of 10.6%.

## **CORPORATE SOCIAL RESPONSIBILITY**

Under the new economic normal, the Group, while maintaining focus on its rapid and steady growth, was dedicated to fulfilling its corporate social responsibilities as a corporate citizen. It continued to commit itself to charity and public welfare work relating to livelihood, poverty, education, environmental protection, sports and others and made unwavering contributions to the harmony and progression of society.

With respect to livelihood, the Group adhered to its philosophy of properties for the people and provided quality and affordable boutique housing to society. In addition to keeping in place the measure of "return with no reason required", the Group, as the sole developer in China delivering well-decorated properties which had established an alliance with 15 furniture and household textiles companies in the previous year, entered into strategic cooperation with a further four renowned household appliance companies in June 2016 to make the alliance all-round and being able to better use resources in the industry. This enabled purchasers to move in with only hand-carry luggage and established an exemplary model for the whole industry.

With regard to poverty alleviation, the Group initiated its poverty alleviation plan for Dafang, Bijie, Guizhou on 1 December 2015 under the support and encouragement of the CPPCC National Committee. The plan was to help all of the 180,000 poverty population in Dafang to shake off poverty by the end of 2018 through a free input of RMB3.0 billion in three years and a series of comprehensive measures targeting industry development, relocation, employment, education and start-ups. In the past half year, the measures had made satisfactory progress and their effect was surfacing. In particular, RMB1.0 billion was applied in January this year to build the first 40 key constructions and 200 farming bases. Over 3,000 employees of the Group stayed there to work with local government officers in this end, and it was established 恒大產業扶貧貸款擔保基金 (the Evergrande Guarantee Fund for Poverty Relief Loans related to Industry), 恒大大方教育獎勵基金 (the Evergrande Dafang Scholarship Fund), 恒大大方貧困家庭創業基金 (the Evergrande Dafang Angel Fund for Poverty Households) and 恒大大方慈善基金 (the Evergrande Dafang Charity Fund).

Regarding education, the Group demonstrated its devotion and commitment through a donation of RMB30.00 million to 海南省儋州市教育基金會 (the Hainan Danzhou Education Foundation) in January 2016, RMB1.00 million to 遼寧省大連市甘井子區慈善總會教育發展基金 (the Education Fund of Ganjingzi Charity, Dalian, Liaoning) in April and a scholarship of RMB2.00 million to 安徽省銅陵市銅官山區教育局 (the Education Bureau of Tongguan Rural Area, Tongling, Anhui) in May.

As regards environmental protection, the Group continued to deepen its cooperation with prominent institutions including Harvard University, Tsinghua University and BRE from the UK to conduct research and for the application and promotion of green constructions. In April 2016, the Group set up a fund with Harvard University for health, science and green technology research.

In respect of employment, the Group joined placement programs of universities and communities and offered promising positions and chances of career development to 1,128 fresh graduates and 30,089 professionals.

As for sports, the Group carried on to make contributions to China's sports development. Guangzhou Evergrande Football Club of the Group made miracles on the field by winning the champion of the AFC Champions League for two times in three years and winning the champion of the Chinese Super League for five consecutive years. Its score is leading in this season 2016. Evergrande Football School had over 2,800 students, nurturing talents for the rise of Chinese football with its largest scale in the world.

## **INVESTORS RELATIONS**

The Group continued to build up its investor relationship on the basis of mutuality and interaction. During the reporting period, the Group received approximately 435 visits from institutional investors and met with 643 investors of different natures. In particular, the major investor relationship activities included: visiting tours to various real estate projects of the Group across the country for about 169 visitors; the participation of the investors annual conferences organized by Citibank, Macquarie Securities, Credit Suisse, Morgan Stanley, BNP Paribas, Nomura, CITIC Securities, CICC, Haitong Securities and CIMB, at which the Group met 164 investors from 139 investment institutions; the participation of the Group in the 2015 annual results roadshows organized by Credit Suisse, DBS Bank, Citibank and Morgan Stanley, covering places such as Beijing, Shanghai, Shenzhen, Hong Kong, Singapore, Los Angeles, Boston, New York and London during the period, at which extensive interaction was carried out with the shareholders of the Company and 133 institutional investors of various calibers were met.

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

## AWARDS

During the period under review, the Group again won multiple awards. It ranked in Fortune 500 for the first time. In the assessment of Top 500 China Real Estate Developers, the Group ranked second in Top 500 China Real Estate Developers for six consecutive years; stayed in the Top 10 China Real Estate Developers in City Coverage, in Tourism Real Estate, in Innovation Capability and in Corporate Responsibility respectively, and was the first among the Top 10 Chinese Real Estate Developers Listed in Hong Kong by Overall Strength and by Investment Value respectively.

## HUMAN RESOURCES

As at 30 June 2016, the Group had a total of 79,665 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 30,089 management and technical talents through open recruitment and 208 fresh graduates from top 10 colleges and universities such as Beijing University and Tsinghua University had successively joined the Group.

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 2016, the total staff cost of the Group (including directors' remuneration) was approximately RMB6.08 billion (2015H1: approximately RMB5.28 billion).

## INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended 30 June 2016.

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

During the six months ended 30 June 2016, the Company repurchased an aggregate of 127,665,000 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:

<b>Month of repurchase</b>	<b>Number of shares repurchased</b>	<b>Highest price per share</b> <i>HK\$</i>	<b>Lowest price per share</b> <i>HK\$</i>	<b>Aggregate purchase price</b> <i>HK\$</i>
January 2016	127,665,000	6.70	5.91	821,992,990

On 11 January 2016, the Company issued 8% senior notes due 2019 with a principal amount of US\$300 million. The notes 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 2016.

## **REVIEW OF INTERIM REPORT BY AUDIT COMMITTEE**

The unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2016 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 2016, 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, 30 August 2016

*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. Xu Wen and Mr. Huang Xiangui, and the independent non-executive Directors are Mr. Chau Shing Yim, David, Mr. He Qi and Ms. Xie Hongxi.*