



Evergrande Real Estate Group Limited
恒大地产集团有限公司
(incorporated in the Cayman Islands with limited liability)
Stock Code: 3333

INTERIM REPORT 2015

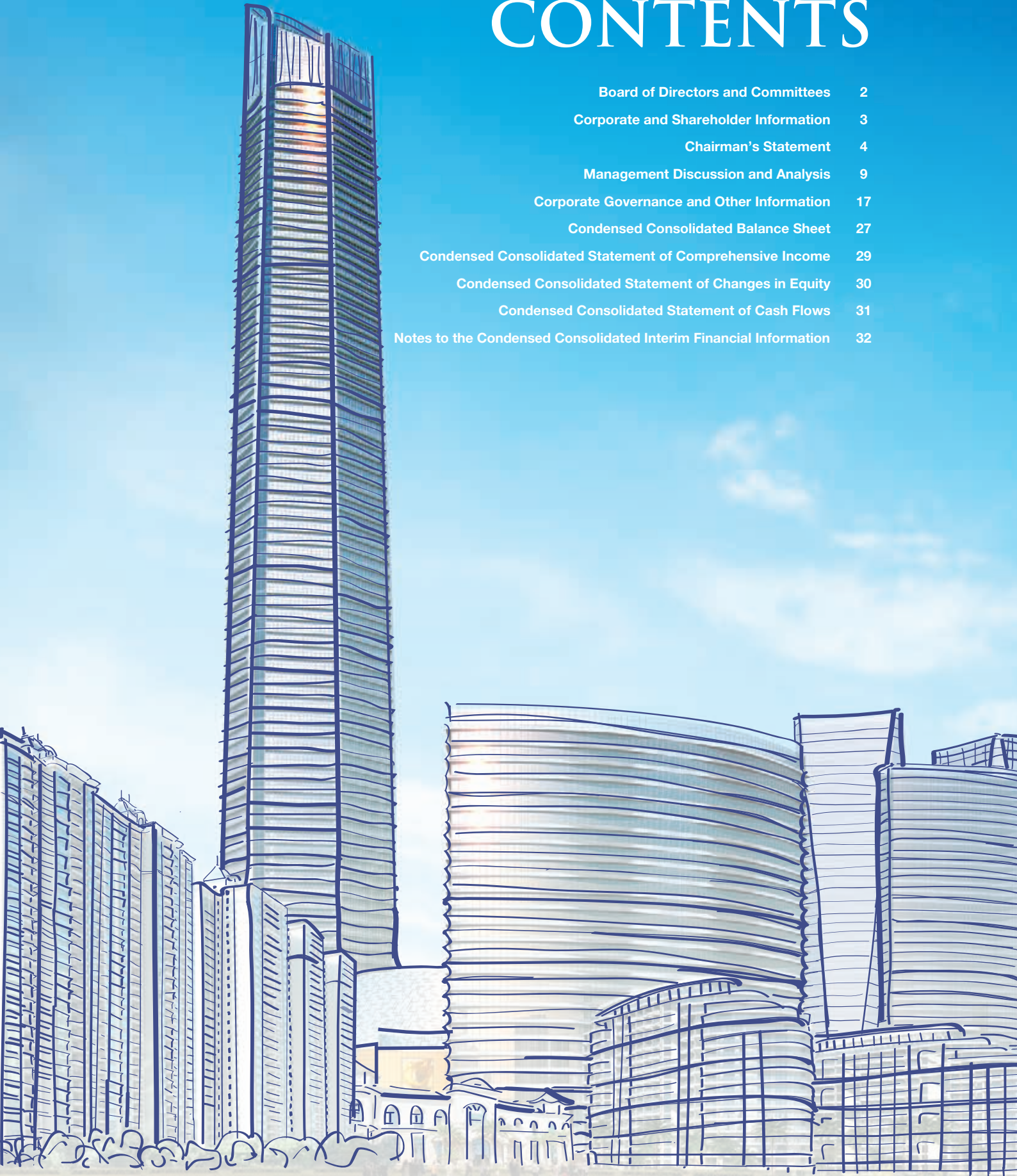
CORE ADVANTAGE

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BOARD OF DIRECTORS AND COMMITTEES

CHAIRMAN OF THE BOARD OF DIRECTORS

Dr. Hui Ka Yan

EXECUTIVE DIRECTORS

Dr. Xia Haijun

Mr. Xu Wen

Mr. Tse Wai Wah

Mr. Huang Xiangui

Ms. He Miaoling

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chau Shing Yim, David

Mr. He Qi

Ms. Xie Hongxi

AUDIT COMMITTEE

Mr. Chau Shing Yim, David (*Chairman*)

Mr. He Qi

Ms. Xie Hongxi

REMUNERATION COMMITTEE

Mr. He Qi (*Chairman*)

Dr. Hui Ka Yan

Ms. Xie Hongxi

NOMINATION COMMITTEE

Dr. Hui Ka Yan (*Chairman*)

Mr. He Qi

Mr. Chau Shing Yim, David

AUTHORISED REPRESENTATIVES

Dr. Hui Ka Yan

Mr. Fong Kar Chun, Jimmy

CORPORATE AND SHAREHOLDER INFORMATION

HEAD OFFICE

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

PLACE OF BUSINESS IN HONG KONG

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88 Queensway, Hong Kong

WEBSITE

www.evergrande.com

COMPANY SECRETARY

Mr. Fong Kar Chun, Jimmy
Hong Kong solicitor

AUDITOR

PricewaterhouseCoopers

PRINCIPAL BANKERS

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

SHAREHOLDER INFORMATION

Listing Information

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

SECURITIES CODES

Stock

HKEX: 3333

Bonds

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

Common Code: 057638249

ISIN: XS0576382492

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

CUSIP: 300151AB3/G3225AAD5

Common Code: 098624279/098129359

ISIN: US300151AB32/USG3225AA057

1,000,000,000 US\$12.00% Senior Notes due 2020

Common Code: 116514648

ISIN: XS1165146488

INVESTOR RELATIONSHIP

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FINANCIAL CALENDAR

Announcement of interim results: 31 August 2015

CHAIRMAN'S STATEMENT

BUSINESS REVIEW

In the first half of 2015, the PRC property market entered into a “new normal” phase, accompanied by adjustment, consolidation and mid-speed growth. Facing intensifying downward pressure and the slowing pace of growth in the industry, the central government has continuously rolled out a series of favorable measures to stabilize growth, adjust structure and stimulate consumption, followed by the policy package to stabilize spending in home purchase. Stimulated by the dual effect of strengthening and stimulating measures, the property market has started to bottom out and return to a stable footing since the first quarter, while overall inventory pressure continued to fall. For the first half of the year, the area of commodity housing sold nationwide reached 443.89 million square meters, representing a period-on-period increase of 4.5%; the sales amount was RMB2,894.1 billion, representing a period-on-period increase of 12.9%; the area available for sale was 428.34 million square meters, representing a period-on-period decrease of 5.2 percentage points in growth rate¹.

In the first half of 2015, the adjustment and volatility in the real estate market further accelerated industry differentiation, which is reflected in various aspects, particularly in the transaction differences between cities and regions, the unbalanced transaction structure of products and the ever-changing competitive landscape among companies. Benefited from regional integration, the markets of economically-developed cities have shown rapid and obvious growth, while impeded by relatively high level of inventory and tepid demand at early stages, a number of third- and fourth-tier cities have recorded sluggish performance. With respect to transactional structure, the mid- and high-end products for improvement have recovered quickly while small-to-medium-sized products targeting at rigid demand continued to generate huge transaction volume, in turn speeding up inventory turnover of the industry. Meanwhile, large-scale property developers continued to seek innovative co-operation opportunities, resulting in a more obvious trend of merger between property industry and financial industry and higher concentration of the industry. During the first half of the year, sales of China's Top 10 real estate developers accounted for up to 19.6% of the total sales amount, representing a period-on-period increase of 1.3 percentage points; and accounted for 13.5% in terms of area sold, representing a period-on-period increase of 2.1 percentage points².

Notwithstanding the volatile and unstable market conditions, the Group still maintained solid growth in major operating results in the first half of the year due to the strategy of optimizing the regional layout of residential projects since 2013 and its strong execution capability. The Group achieved contracted sales of RMB87.11 billion, representing a period-on-period increase of 25.7% and accomplished 58.1% of its annual target. The area of contracted sales amounted to 11.38 million square meters, representing a period-on-period increase of 16.1%. The gross floor area of land reserves was 144 million square meters and the average cost was RMB1,085 per square meter. The area under construction was 41.7 million square meters, involving 291 projects. As at 30 June 2015, the Group had total cash (including cash and cash equivalents and restricted cash) of RMB81.57 billion.

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. At the end of the period, the total gross floor area of the Group's land reserves was 144 million square meters, a decrease of 2.7 million square meters or approximately 1.8% as compared with the end of the 2014.

During the reporting period, the Group newly acquired 35 pieces of land for its land bank and further acquired lands in the surrounding areas for 4 existing projects. Such new projects, scattered across 27 cities including Shenzhen, Chongqing, Chengdu, Jinan, Wuhan, Taiyuan, Xi'an, Zhengzhou, Nanning, Changchun, Harbin, Xiamen and Dongguan, had a planned construction area of approximately 10.284 million square meters and an average cost of RMB2,888 per square meter. As at 30 June 2015, the Group held land reserves of 144 million square meters, covering 154 different cities in the PRC; in all, the Group had 335 projects and recorded an accumulated average cost of approximately RMB1,085 per square meter.

¹ Source: “National Real Estate Development and Sales for January to June 2015” issued by the National Bureau of Statistics of China

² Source: “1H 2015 Top 50 PRC Real Estate Developers in terms of Sales” jointly issued by China Real Estate Information Corporation and China Real Estate Appraisal Centre

Among the 35 projects newly acquired by the Group, 2.9% of which are located in first-tier cities and 60.0% are in second-tier cities. The proportion of projects in first- and second-tier cities reached 62.9%. The newly acquired projects in third-tier cities are located in the city centers of Shantou, Yueyang, Xinxiang and other cities. Despite the increasing average costs of newly acquired lands, it is believed that, with better locations, greater potential of appreciation and higher expected selling prices, these projects will drive up the gross profit margin and overall profitability of the Group.

The Group leverages on cooperation with other parties to acquire new projects with the aim of raising the capital utilization rate. At the end of the reporting period, 88 projects were carried out through cooperation, which in accumulated terms, reduced land premium payment by RMB58.93 billion.

Upward trend in both contracted sales volume and price, record-breaking sales amount and top spot yet again in China for sales area. During the reporting period, the Group's contracted sales increased by 25.7% as compared with the corresponding period of last year. The aggregate sales amount of RMB87.11 billion marked a new height in terms of half-yearly sales result for the Group, which is almost equivalent to the contracted sales for the whole year of 2012. The area sold increased by 16.1% period-on-period, which retained its No. 1 position in the PRC. The average transaction price increased by 8.2% to RMB7,656 per square meter as compared with the corresponding period of last year.

The continued growth in sales results is mainly attributable to the Group's optimized project layout which shows great foresight, upgraded ancillary facilities of products and standard of decoration as well as flexible and practical sales strategy and a brand-new sales model. Meanwhile, the Group launched a portion of the 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 last year. In the first half of the year, the average single-month transaction price of the Group was over RMB7,000 per square meter and the price further increased to RMB8,645 per square meter in June. Except for the month of February, the single-month contracted sales amounts all exceeded RMB10 billion. The Board is of the view that the increasing average transaction price and contracted sales amount are favourable for maintaining the profit margins of the major businesses of the Group.

During the reporting period, the Group launched 23 new projects in 17 cities including Beijing, Shanghai, Taiyuan, Zhengzhou, Jinan, Changsha, Chengdu, Haikou, Changchun, Yueyang, Langfang, Luohe, and the number of projects for sale accumulated to 299, spanning across 146 cities.

In the first half of the year, the contracted sales amount was RMB87.11 billion, of which the contracted sales amount for first-tier cities was RMB7.576 billion, representing 8.7% of the total contracted sales; the sales amount for second-tier cities was RMB47.149 billion, representing 54.1% of the total contracted sales. The above data shows a more balanced distribution of sales among the first-, second- and third-tier cities. Moreover, the strategy of optimizing project layout has achieved remarkable results.

Commitment to the scientific arrangement on construction work, optimization of the scale of new projects and emphasis on matching with sales, completion and delivery plans. In the first half of 2015, the area of new construction of the Group was 13.086 million square meters with a decrease of 0.8% as compared with 13.198 million square meters of the corresponding period in 2014. As at 30 June 2015, the Group had 291 projects under construction and the GFA under construction was 41.7 million square meters. The Group had obtained pre-sale permits for 299 projects while around 45 projects have not yet been launched for sale. The Board considers that, the sizeable development and construction scale not only ensures sufficient available-for-sale resources and further elevates sales performance, but also lays a solid foundation for generating revenue from the delivery of properties in the next phase of development.

During the reporting period, the Group persisted in implementing standardized operations. Through continuously optimizing the integrated management of the Group and the scientific arrangement on construction work, the Group has completed a GFA of 12.87 million square meters as scheduled, delivered 277 projects in total with a transaction value of RMB75.37 billion and an area of 10.755 million square meters.

CHAIRMAN'S STATEMENT (CONTINUED)

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 condition during the reporting period, the Group has continuously strengthened its financial resources through a combination of measures to ward off potential risks. In the first half of 2015, the Group successfully completed the issuance of US\$1 billion senior notes due in 2020 overseas. The Group completed the placing of 820,000,000 shares, representing approximately 5.54% of the share capital in issue. The net proceeds from placing amounted to approximately HK\$4.60 billion. From the end of June to the beginning of July, the Group successfully completed the issuance of RMB20 billion domestic corporate bonds within three weeks, pioneering the domestic bond issuance by a red-chip company. Among which, RMB5 billion has a term of 5 years and an interest rate of 5.38%; RMB6.8 billion has a term of 4 years and an interest rate of 5.30%; RMB 8.2 billion has a term of 7 years and an interest rate of 6.98%. Zhongchengxin Securities Rating (中誠信證評), Dagong Global Rating (大公國際評級) and Lianhe Rating (聯合評級), three authoritative rating agencies in the PRC, all assigned AAA credit ratings, the highest rating, to the Group.

In the first half of 2015, the Group collected sales proceeds of RMB62.4 billion. The aggregate amounts of perpetual bonds reduced by RMB486 million on a net basis as compared with the balance as at 31 December 2014. The Group entered into strategic cooperation agreements with Bank of China, Agricultural Bank of China, Postal Savings Bank of China, China Minsheng Bank, China CITIC Bank, CITIC Trust, Industrial Bank, etc., and secured RMB182 billion of facilities in total. Moreover, the Group reduced its land premium payment through project cooperation and by leveraging its positive brand image to clinch better contract terms, payment methods and payment conditions.

With the above measures, the total cash of the Group at the end of the period reached RMB81.57 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 RMB134.2 billion at the end of the period. Together with the total cash of RMB81.57 billion at the end of the period, the Group's available funds amounted to RMB215.77 billion in total.

Meanwhile, the Group sold a portion of the commercial premises and adopted measures to increase the average selling price of the Group in an appropriate manner while devoting to control the selling expenses and management cost. As a result, the profit margins of the core businesses of the Group reached 13.1% for the first half of 2015, representing an increase of 2.8 percentage points over the corresponding period in 2014. The Board believes that, with the further optimization of the location and product quality of the projects as well as further sales of commercial properties, there will be more room for raising the selling prices of products, which in turn will have a positive effect on the profit margins of the core businesses of the Group.

A diversified structure starts to take shape and non-core business plans tap into the capital market successively. After long-term planning and preparation, the Group has completed the general offer for New Media (00708) and changed its directors. The name of that listed company has also been changed to “Evergrande Health Industry Group Limited” (“Evergrande Health”). Evergrande Health Internet Community Hospital (恒大健康互聯網社區醫院) and Evergrande Wonjin Medical Beauty Hospital (恒大原辰醫學美容醫院), subsidiaries under Evergrande Health, have already opened for business, symbolizing that the core businesses, namely “Internet+” community health management center, medical cosmetology, anti-aging management and other health-related businesses, have now moved into the execution phase.

The Company and Tencent entered into a tri-party subscription agreement with Mascotte (00136), pursuant to which Evergrande and Tencent jointly subscribed for equity interests in Mascotte, representing 75% of its enlarged share capital, in which Evergrande owns 55% and Tencent owns 20%. The total subscription price was HK\$750.7 million. That listed company intends to develop an internet community service online platform (the “ICS Online Platform”). The plan is to establish an open and collaborative platform with both online and offline community services; with Evergrande Communities (恒大社區) as its first batch of primary users, the platform will provide one-stop integrated services ranging from ordering, logistical arrangement and delivery of products or services. It is expected that upon successful launch of the ICS Online Platform, its coverage will be expanded to other residential areas in the PRC outside the Evergrande Communities in order to make the daily lives of users more convenient through advanced internet technology.

In July, Guangzhou Evergrande Taobao Football Club Co., Ltd., a joint venture of the Group, and two wholly-owned subsidiaries of the Group, namely Evergrande Culture Industry Group Co., Ltd. and Evergrande Changbaishan Spring Company Limited, have filed their applications for listing on the National Equities Exchange and Quotations System (the "NEEQS") successively and received the letters of acceptance. National Equities Exchange and Quotations Co., Ltd. is the operator and administrator of the NEEQS and the applications for listing are subject to its approval. The Board considers that the separate listing of the above companies will further strengthen its corporate governance structure and enhance the liquidity of its equity interests, thus facilitating the introduction of strategic investors, promotion of corporate image and realisation of sustainable development.

BUSINESS OUTLOOK

The Board believes that with positive initiatives from the Central Government such as policies of "stabilization of housing consumption" and "support for demand arising from own use and improved housing", the policies on the real estate market and market liquidity will still be relatively loose. Benefiting from the further release of pent-up demand for improved housing, the sales will be boosted continuously in the second half of the year. Following the reduction of inventory level in the market and gradual materialization of soft landing, the average transaction price will also improve. It is expected that the year-on-year decrease in newly-commenced works will narrow and the investment in development will increase, indicating that a new round of growth is on the horizon for the industry.

With the coming peak of sales, the total inventory level of the industry is expected to remain high. Nevertheless, with sales in first-tier cities and some developed cities accelerating since the second quarter, some of those cities are set to take the lead in reaching a balance in demand and supply and it is anticipated that the average transaction price will grow at single digit during the whole year. Given the relatively high liquidity and seasonal pattern, the newly-commenced works are expected to return to the previous level in the second half of the year; however, as the area of land acquired last year decreased by 14%, the estimated area of newly-commenced works will decrease at single digit for the whole year while the investment amount in development will further improve with a period-on-period increase of 4.6% in the first half of the year.

Based on the fundamentals set out above, the Group will capture opportunities amid such stable and improving market condition to replenish quality land reserves, arrange development and construction and organize properties for sale. It will also spare no effort to boost sales, increase the selling price and collect sales proceeds. Meanwhile, the Group will strictly control its costs and expenses in every aspects, strive to increase the total amount of cash and profit margin, and stay devoted to controlling its debt ratio.

LAND RESERVES

In the second half of 2015, 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 a 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 the gross profit margin of products. 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 2015, the aggregate land premium payable before due date by the Group amounted to RMB248.62 billion, with RMB215.05 billion paid and RMB33.57 billion outstanding and undue, of which RMB10.45 billion is payable and due in the second half of 2015; RMB11.89 billion is payable and due in 2016; RMB8.47 billion is payable and due in 2017; and RMB2.76 billion is payable after 2018.

CHAIRMAN'S STATEMENT (CONTINUED)

CONTRACTED SALES

The Group will ensure it has sufficient inventory, formulate its regional sales plan in line with key focus areas, insist in reviewing the completion result of the 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 40 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 the pricing strategy, the Group will maintain a balance between the selling price and sales volume and elevate sales performance in a flexible and practical manner. Given the remarkable sales performance in the first half of 2015, together with its exceptional execution capability and product strength, the Board is very confident that the Group can outperform its full-year contracted sales target of RMB150 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 price, 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.

With respect to capital arrangement, we have used the proceeds from issuance of corporate bonds primarily to repay the existing debts of Evergrande to improve the debt structure and the remaining amount to replenish general working capital. The Group implemented 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 further reduce operating expenses.

ACKNOWLEDGEMENT

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

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

Hong Kong, 31 August 2015

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL PERFORMANCE

The Group recorded revenue of RMB77.74 billion for the six months ended 30 June 2015 (corresponding period of 2014: RMB63.34 billion), representing a period-on-period growth of 22.7%. Gross profit amounted to RMB22.07 billion (corresponding period of 2014: RMB18.09 billion), representing an increase of 22.0% over the corresponding period of last year. Profit attributable to shareholders was RMB9.43 billion (corresponding period of 2014: RMB7.09 billion), a period-on-period growth of 33.0%. Basic earnings per share amounted to RMB0.63 (corresponding period of 2014: RMB0.48), representing a period-on-period growth of 31.3%. Equity attributable to shareholders of the Group as at 30 June 2015 was RMB58.05 billion (31 December 2014: RMB51.12 billion), representing an increase of 13.6% from the end of 2014.

REVENUE

During the period, revenue of the Group amounted to RMB77.74 billion, representing a period-on-period growth of 22.7%, of which revenue generated from the property business amounted to RMB75.37 billion, representing a period-on-period growth of 21.5%. The increase was mainly due to the recognized sales area increased by 9.8% as compared with the corresponding period of 2014 and the average selling price of the properties increased by 10.7% as compared with the corresponding period of 2014. Revenue generated from property management amounted to RMB698 million, an increase of 50.1% from the corresponding period of last year. Revenue generated from investment properties amounted to RMB80 million, representing an increase of 31.1%.

GROSS PROFIT

Gross profit of the Group was RMB22.07 billion for the six month ended 30 June 2015, representing an increase of 22.0% as compared with the corresponding period of last year. The increase in gross profit was mainly attributable to a significant increase in delivery of properties in the current period. The gross profit margin was 28.4%, 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 as at 30 June 2015 reached RMB5.53 billion, representing an increase of 25.4% as compared with the gain for the corresponding period of last year. Investment properties of the Group mainly include commercial podiums and offices with gross floor area of 4 million square meters and approximately 323,000 car parking spaces.

SELLING AND MARKETING COSTS

During the period, selling and marketing costs of the Group rose from RMB3.54 billion for the corresponding period of 2014 to RMB5.30 billion, which was mainly attributable to the increase in the number of projects launched and a significant expansion in scale which led to the corresponding increase in nationwide marketing and brand publicity activities during the six months ended 30 June 2015. A large portion of costs was expenses in relation to the pre-sales for the six months ended 30 June 2015. However, corresponding revenue will be recognized only after the delivery of possession.

ADMINISTRATIVE EXPENSES

During the period, administrative expenses of the Group increased to RMB2.98 billion from RMB1.94 billion for the corresponding period of 2014, which was mainly attributable to the continuous expansion of the Group's nation-wide business and significant growth in operating results for the six months ended 30 June 2015. Meanwhile, the level of staff remuneration also increased.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Gain on financial assets at fair value through profit or loss was RMB2.48 billion for the six months ended 30 June 2015 due to the appreciation of the securities held by the Group.

BORROWINGS

As at 30 June 2015, the borrowings of the Group amounted to RMB185.29 billion, with the following maturities:

	30 June 2015 (RMB billion)	As percentage of total borrowings	31 December 2014 (RMB billion)	As percentage of total borrowings
Less than 1 year	100.82	54.4%	79.66	51.0%
1–2 years	45.64	24.6%	55.86	35.8%
2–5 years	37.93	20.5%	19.63	12.6%
More than 5 years	0.90	0.5%	0.91	0.6%
	185.29	100%	156.06	100%

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 9.94% per annum (for the year of 2014: 9.74%).

FOREIGN EXCHANGE EXPOSURE

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

LIQUIDITY

As at 30 June 2015, the total amount of cash and cash equivalents and restricted cash of the Group was RMB81.57 billion, together with unutilized banking facilities of RMB134.20 billion. The abundant working capital provided enough room for the Group to seek the best business opportunities and significant financial support for rapid development.

LAND RESERVE

During the reporting period, the Group acquired 35 pieces of land as reserves, covering 27 cities. The planned GFA was approximately 10.284 million square meters and the average cost was RMB2,888 per square meter.

Distribution of newly acquired land reserves of the Group in the first half of 2015

Order	Name of projects	City	Site area (m ²)	Gross floor area (m ²)	Land reserve area (m ²)	Actual shareholding
Guangdong Province						
1	Shenzhen South Oil Building Project (深圳南油大廈項目)	Shenzhen	10,448	117,010	117,010	100.0%
2	Evergrande Royal Scenic Peninsula (恒大御景半島)	Dongguan	149,793	299,586	299,586	100.0%
3	Evergrande Royal Scenic Bay Shantou Project (汕頭御景灣項目)	Shantou	166,253	404,666	404,666	83.0%
4	Evergrande Metropolis Yangjiang (陽江恒大名都)	Yangjiang	138,669	346,673	346,673	100.0%
Fujian Province						
5	Evergrande Royal View Garden Xiamen (廈門恒大帝景)	Xiamen	70,825	208,240	208,240	100.0%
6	Evergrande Royal Scenic Peninsula Putian (莆田恒大御景半島)	Putian	173,956	324,075	324,075	100.0%
7	Evergrande Royal Scenic Bay Quanzhou (泉州恒大御景灣)	Quanzhou	57,068	134,680	134,680	100.0%
Shandong Province						
8	Jinan Evergrande East Mountain Forest Jinan (濟南恒大東山林語)	Jinan	102,244	102,244	102,244	60.0%
9	Evergrande Emerland Court Jinan (濟南恒大翡翠華庭)	Jinan	143,066	607,351	446,352	100.0%
10	Evergrande Longao Regency Jinan (濟南恒大龍奧御苑)	Jinan	199,751	385,519	385,519	100.0%
11	Evergrande East Longao New Metropolis Jinan (濟南恒大奧東新都)	Jinan	50,066	240,317	240,317	100.0%
Henan Province						
12	Evergrande Emerald Court Zhengzhou (鄭州恒大翡翠華庭)	Zhengzhou	88,000	308,002	308,002	100.0%
13	Evergrande Metropolis Zhumadian (駐馬店恒大名都)	Zhumadian	83,188	324,432	324,432	100.0%
14	Evergrande Royal Scenic Bay Xinxiang (新鄉恒大御景灣)	Xinxiang	118,164	271,777	271,777	100.0%
Chongqing City						
15	Evergrande Royal Palace Chongqing (重慶恒大御府)	Chongqing	127,271	254,542	254,542	90.0%
16	Evergrande Century City Chongqing (重慶恒大世紀城)	Chongqing	263,148	657,871	657,871	90.0%

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Order	Name of projects	City	Site area (m ²)	Gross floor area (m ²)	Land reserve area (m ²)	Actual shareholding
Anhui Province						
17	Evergrande Royal View Garden Chaohu (巢湖恒大帝景)	Chaohu	78,006	197,355	197,355	100.0%
18	Evergrande Emerald Court Bengbu (蚌埠恒大翡翠華庭)	Bengbu	151,411	347,573	347,573	100.0%
Sichuan Province						
19	Evergrande Central Plaza Chengdu (成都恒大中央廣場)	Chengdu	62,100	362,158	362,158	100.0%
20	Evergrande Royal Scenic Bay Luzhou (瀘州恒大御景灣)	Luzhou	81,574	178,333	178,333	100.0%
21	Evergrande Metropolis Ziyang (資陽恒大名都)	Ziyang	64,510	193,529	193,529	100.0%
Jiangxi Province						
22	Evergrande Metropolis Ganzhou (贛州恒大名都)	Ganzhou	110,741	310,075	310,075	51.0%
23	Evergrande Emerald Court Ganzhou (贛州恒大翡翠華庭)	Ganzhou	49,154	122,884	122,884	100.0%
Shanxi Province						
24	Evergrande Emerald Court Taiyuan (太原恒大翡翠華庭)	Taiyuan	36,505	223,750	223,750	70.0%
25	Evergrande Left Bank Riverfront Taiyuan (太原恒大濱河左岸)	Taiyuan	115,006	552,326	552,326	100.0%
Hubei Province						
26	Evergrande Royal Palace Wuhan (武漢恒大御府)	Wuhan	75,300	248,490	248,490	60.0%
27	Evergrande Metropolis Jingzhou (荊州恒大名都)	Jingzhou	103,342	361,697	361,697	60.0%
Hunan Province						
28	Evergrande Nanhu Peninsula Yueyang (岳陽恒大南湖半島)	Yueyang	193,928	560,452	560,452	66.0%
Jilin Province						
29	Evergrande Bay Changchun (長春恒大江灣)	Changchun	119,948	299,870	299,870	100.0%
Heilongjiang						
30	Evergrande Emerald Court Harbin (哈爾濱恒大翡翠華庭)	Harbin	47,300	94,600	94,600	100.0%
Shaanxi Province						
31	Evergrande Bay Xian (西安恒大江灣)	Xian	66,971	152,586	152,586	100.0%
Guangxi Zhuang Autonomous Region						
32	Evergrande City Nanning (南寧恒大城)	Nanning	87,862	351,446	351,446	100.0%
33	Evergrande Royal View Garden Nanning (南寧恒大帝景)	Nanning	37,240	130,340	130,340	100.0%
34	Evergrande Metropolis Nanning (南寧恒大名都)	Nanning	20,051	90,228	90,228	100.0%
35	Evergrande City Liuzhou (柳州恒大城)	Liuzhou	91,344	255,764	255,764	100.0%

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Order	Name of projects	City	Site area (m ²)	Gross floor area (m ²)	Land reserve area (m ²)	Actual shareholding
*	Expansion Land of Evergrande Emerald Court Jinan (Phase II)	Jinan	51,779	130,197	130,197	100.0%
*	Expansion Land of Evergrande Splendor Pengshan (Phase III)	Pengshan	47,735	47,735	47,735	100.0%
*	Expansion Land of Ningbo Xiangshan Project (Phase III)	Ningbo	127,118	126,922	126,922	51.0%
*	Expansion Land of Evergrande Splendor Danzhou (Phase III)	Danzhou	120,000	120,000	120,000	100.0%
Total			3,880,833	10,445,294	10,284,295	

* Surrounding land reserves acquired for current projects

CONTRACTED SALES

During the reporting period, the Group achieved contracted sales revenue of RMB87.11 billion, accomplishing 58.1% of its sales target for the entire year. The area of the contracted sales was 11.38 million square meters, while the average price of the contracted sales amounted to RMB7,656 per square meter. During the first half of the year, the Group launched 23 new projects for sale. As at 30 June 2015, the accumulated number of projects for sale was 299, spanning across 30 regions and 145 cities in China.

REGIONAL DISTRIBUTION OF CONTRACTED SALES FOR THE PERIOD

No.	Province	Amount of contracted sales (RMB million)	Proportion of contracted sales
1	Henan Province	7,048.6	8.1%
2	Shanxi Province	5,907.5	6.8%
3	Guangdong Province	5,840.3	6.7%
4	Beijing City	5,768.7	6.6%
5	Shandong Province	5,761.7	6.6%
6	Anhui Province	5,421.1	6.2%
7	Jiangsu Province	4,692.0	5.4%
8	Hebei Province	4,424.9	5.1%
9	Hunan Province	4,063.2	4.7%
10	Liaoning Province	3,684.1	4.2%
11	Sichuan Province	3,597.5	4.1%
12	Jiangxi Province	3,180.4	3.7%

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

No.	Province	Amount of contracted sales (RMB million)	Proportion of contracted sales
13	Hainan Province	3,060.3	3.5%
14	Chongqing City	2,916.8	3.3%
15	Guangxi Zhuang Autonomous Region	2,825.3	3.2%
16	Hubei Province	2,788.9	3.2%
17	Heilongjiang Province	2,452.1	2.8%
18	Zhejiang Province	2,417.3	2.8%
19	Jilin Province	2,396.8	2.8%
20	Inner Mongolia Autonomous Region	1,401.2	1.6%
21	Shaanxi Province	1,310.2	1.5%
22	Shanghai City	1,213.8	1.4%
23	Gansu Province	1,035.4	1.2%
24	Tianjin City	958.4	1.1%
25	Ningxia Hui Autonomous Region	871.8	1.0%
26	Guizhou Province	747.2	0.9%
27	Yunnan Province	548.6	0.6%
28	Fujian Province	388.3	0.4%
29	Xinjiang Uygur Autonomous Region	237.3	0.3%
30	Qinghai Province	146.3	0.2%
	Total	87,106.0	100.0%

As of the end of July 2015, the contracted sales for the seven months ended 31 July 2015 amounted to RMB101.21 billion, representing 67.5% of the annual sales target while the area of contracted sales was 13.174 million square meters.

PROPERTY DEVELOPMENT

During the period, the Group's area under construction was 41.7 million square meters, involving 291 projects.

During the period, the Group had 198 completed projects, which were situated in 29 primary regions in China. The total completed GFA reached 12.87 million square meters.

During the period, the Group delivered a total of 277 projects with a delivery value of RMB75.37 billion, representing a period-on-period increase of 21.5%; the delivered area was 10.755 million square meters, representing a period-on-period increase of 9.8%; the average price of delivery was RMB7,008 per square meter, representing a period-on-period increase of 10.7%.

CORPORATE SOCIAL RESPONSIBILITIES

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

In March 2015, the Group donated RMB21.4 million to Guangdong Foundation for Poverty Alleviation to support poverty alleviation, which shows the Group's perseverance in fighting poverty and helping needy people.

With respect to social welfare, in order to boost employment and nurture talents, the Group organized recruitment programs in colleges and universities in China which provided a good employment and job-hunting platform for 1,290 graduating students.

With respect to corporate responsibility, in order to implement the business philosophy of "Evergrande — A Real Estate Developer for People's Livelihood" and to protect the interests of home purchasers as well as upholding the integrity and housing quality of Evergrande, in April 2015, the Group announced a nationwide policy under which clients of all residential projects of Evergrande can rescind their purchases without reason.

With respect to green construction, in March 2015, the Group jointly established a green construction research base in China with Harvard University and Tsinghua University, which was the world's first green construction research platform jointly established by top schools and enterprise. Meanwhile, the Group, the Ministry of Housing and Urban-Rural Development and Tsinghua University embarked on a research on Evergrande standardized green residential building system in cooperation, and issued "Green Residential Design Standards and Requirements of Evergrande" (《恒大綠色住宅設計標準及要求》) in June of this year to jointly promote the application and promotion of green construction technology.

The Group continued to contribute to China's sports development. Besides enjoying a position in the top end of Chinese Football Association Super League, Guangzhou Evergrande Football Club under the Group defeated many strong opponents in AFC Champion League and reached quarterfinals for four consecutive years. Evergrande Football School now had over 2,600 students, nurturing talents for the rise of Chinese football.

INVESTORS RELATIONS

The Group continued to build up its investor relationship on the basis of mutuality and interaction. During the reporting period, the Group has received approximately 367 visits from institutional investors and met with 502 investors of different nature. In particular, the major investor relationship activities included: visiting tours to various real estate projects of the Group across the country for about 111 visitors; the participation of the investors annual conferences organized by Citibank, Macquarie Securities, Credit Suisse, DBS Bank, at which the Group met 85 investors from 74 investment institutions; the participation of the Group in the 2014 annual results roadshows organized by Jefferies, Credit Suisse, DBS Bank, Citibank, Deutsche Bank and Guotai Junan Securities, covering places such as Hong Kong, Singapore, Los Angeles, Boston, New York and London during the period, at which extensive interaction was carried out with the shareholders of the Company and 153 institutional investors of various calibers were met.

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

AWARDS

During the period under review, the Group again won multiple awards. In the assessment of Top 500 China Real Estate Developers, the Group ranked second in Top 500 China Real Estate Developers for five consecutive years; first in Top 10 China Real Estate Developers in terms of Comprehensive Development; first in Top 10 China Real Estate Developers in terms of Innovation Capability; first in Top 10 China Real Estate Developers in terms of Tourism Real Estate; first in Top 10 China Real Estate Developers by Corporate Responsibility and first in Top 10 China Real Estate Developers by City Coverage.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

HUMAN RESOURCES

As at 30 June 2015, the Group had a total of 71,921 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 4,599 management and technical talents through open recruitment and 270 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 helped the Group to create a harmonious working environment and positive interaction between the Group and its staff. For the six months ended 30 June 2015, the total staff cost of the Group (including directors' remuneration) was approximately RMB5.28 billion (corresponding period of 2014: approximately RMB3.60 billion).

CORPORATE GOVERNANCE AND OTHER INFORMATION

SHARE OPTION SCHEME

On 14 October 2009, the Company adopted a share option scheme ("**Share Option Scheme**") whereby the Board can grant options for the subscription of the shares of the Company to the employees, executives and officers of the Group and such other persons that the Board considers to contribute or having contributed to the Group (the "**Participants**") as described in the Share Option Scheme for the purposes of providing incentives and rewards for their contributions to the Group.

On 14 April 2010, the maximum number of shares that can be issued under the Share Option Scheme was 1,500,000,000 Shares, representing 10% of the issued share capital of the Company. The number of Shares in respect of these options that may be granted according to the Share Option Scheme shall not exceed 10% of the issued Shares of the Company immediately after the completion of the Global Offering (as defined in the prospectus) of the Company. Unless otherwise approved by the shareholders of the Company in a general meeting, the number of Shares that may be granted to each of the Participants under the options shall not exceed 1% within any 12-month period (other than those granted to the substantial shareholders, as defined in the Listing Rules), or the total number of shares that may be granted under the options to the independent non-executive Directors or any of their respective connected persons shall not exceed 0.1% of the shares in issue of the Company from time to time.

There is no minimum period for which the options must be held before they become exercisable, and the options granted shall be exercised within the period decided by the Board, provided that no options shall be exercised 10 years after they have been granted.

The exercise price of the options shall not be lower than the highest of (a) the closing price of the Shares on the daily quotation sheet of the Stock Exchange on the date of grant; (b) the average closing price of the Shares on the daily quotation sheet of the Stock Exchange for the five business days immediately preceding the date of grant; and (c) the nominal value of the Shares.

Each grantee shall pay a consideration of HK\$1.00 at the time the option is granted.

The Share Option Scheme has taken effect and will remain effective within a period of 10 years from the date of adoption. Other details of the Share Option Scheme are set out in the prospectus.

On 18 May 2010, the Company granted an aggregate of 713,000,000 options to 137 Participants to subscribe for an aggregate of 713,000,000 Shares in the Company at an exercise price of HK\$2.40 per share, representing approximately 4.75% of the number of Shares in issue as at the date of grant. On 9 October 2014, the Company granted an aggregate of 530,000,000 options to 8 Directors and 93 employees to subscribe for 530,000,000 Shares in the Company at an exercise price of HK\$3.05 per share, representing approximately 3.63% of the number of Shares in issue as at the date of grant.

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

The details of movement in the options granted under the Share Option Scheme for the year ended 31 December 2014 were as follows:

Name of grantee	Date of grant	Exercise price (HK\$)	Exercise period	Number of share options				Outstanding as at 31 December 2014
				Outstanding as at 1 January 2014	Granted during the period	Exercised during the period	Lapsed during the period	
Xia Haijun	18 May 2010	2.40	Note 1	80,000,000		59,862,000	NA	20,138,000
	9 October 2014	3.05	Note 3		100,000,000			100,000,000
He Miaoling	18 May 2010	2.40	Note 1	11,000,000		8,665,000	NA	2,335,000
	9 October 2014	3.05	Note 3		10,000,000			10,000,000
Tse Wai Wah	18 May 2010	2.40	Note 1	9,000,000		NA	NA	9,000,000
	9 October 2014	3.05	Note 3		10,000,000			10,000,000
Xu Wen	18 May 2010	2.40	Note 1	11,000,000		NA	NA	11,000,000
	9 October 2014	3.05	Note 3		10,000,000			10,000,000
Huang Xiangui	18 May 2010	2.40	Note 1	1,500,000		NA	NA	1,500,000
	9 October 2014	3.05	Note 3		5,000,000			5,000,000
Chau Shing Yim, David	9 October 2014	3.05	Note 3	NA	1,000,000	NA	NA	1,000,000
He Qi	9 October 2014	3.05	Note 3	NA	1,000,000	NA	NA	1,000,000
Xie Hongxi	9 October 2014	3.05	Note 3	NA	1,000,000	NA	NA	1,000,000
Other employees of the Group (in aggregate)	18 May 2010	2.40	Note 1	397,636,000	NA	186,473,000	5,750,000	205,413,000
	9 October 2014	3.05	Note 3	NA	392,000,000	NA	NA	392,000,000
Total								779,386,000

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

The details of movement in the options granted under the Share Option Scheme for the six months ended 30 June 2015 were as follows:

Name of grantee	Date of grant	Exercise price (HK\$)	Exercise period	Number of share options				Outstanding as at 30 June 2015
				Outstanding as at 1 January 2015	Granted during the period	Exercised during the period	Lapsed during the period	
Xia Haijun	18 May 2010	2.40	Note 1	20,138,000	NA	20,138,000	NA	NA
	9 October 2014	3.05	Note 3	100,000,000		NA		100,000,000
He Miaoling	18 May 2010	2.40	Note 1	2,335,000	NA	NA	NA	2,335,000
	9 October 2014	3.05	Note 3	10,000,000		NA		10,000,000
Tse Wai Wah	18 May 2010	2.40	Note 1	9,000,000	NA	NA	NA	9,000,000
	9 October 2014	3.05	Note 3	10,000,000		NA		10,000,000
Xu Wen	18 May 2010	2.40	Note 1	11,000,000	NA	6,600,000	NA	4,400,000
	9 October 2014	3.05	Note 3	10,000,000		NA		10,000,000
Huang Xiangui	18 May 2010	2.40	Note 1	1,500,000	NA	1,500,000	NA	NA
	9 October 2014	3.05	Note 3	5,000,000		NA		5,000,000
Chau Shing Yim, David	9 October 2014	3.05	Note 3	1,000,000	NA	NA	NA	1,000,000
He Qi	9 October 2014	3.05	Note 3	1,000,000	NA	NA	NA	1,000,000
Xie Hongxi	9 October 2014	3.05	Note 3	1,000,000	NA	NA	NA	1,000,000
Other employees of the Group (in aggregate)	18 May 2010	2.40	Note 1	205,413,000	NA	127,432,000	9,800,000	68,181,000
	9 October 2014	3.05	Note 3	392,000,000	NA	NA	19,000,000	373,000,000
Total								594,916,000

Notes:

1. The options granted on 18 May 2010 with respect to a Participant will be exercisable in 5 tranches in the following manners:
 - (i) the first tranche of 20% of the Shares that are the subject of the options granted (rounded down to the nearest whole number) will be exercisable at any time during the period from 31 December 2010 to 31 December 2015;
 - (ii) the second tranche of 20% of the Shares that are the subject of the options granted (rounded down to the nearest whole number) will be exercisable at any time during the period from 31 December 2011 to 31 December 2016;
 - (iii) the third tranche of 20% of the Shares that are the subject of the options granted (rounded down to the nearest whole number) will be exercisable at any time during the period from 31 December 2012 to 31 December 2017;

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

- (iv) the fourth tranche of 20% of the Shares that are the subject of the options granted (rounded down to the nearest whole number) will be exercisable at any time during the period from 31 December 2013 to 31 December 2018; and
- (v) the fifth tranche of remaining Shares that are subject of the options granted will be exercisable at any time during the period from 31 December 2014 to 13 October 2019.
2. The closing price of the Shares on the date of grant of the options on 18 May 2010 was HK\$2.27 per share.
3. The options granted on 9 October 2014 with respect to a Participant will be exercisable in 5 tranches in the following manners:
- (i) the first tranche of 20% of the Shares that are the subject to the Option granted (rounded down to the nearest whole number) will be exercisable at any time during the period commencing from 9 October 2015 and ending on 8 October 2016;
- (ii) the second tranche of 20% of the Shares that are the subject to the Options granted (rounded down to the nearest whole number) will be exercisable at any time during the period commencing from 9 October 2016 and ending on 8 October 2017;
- (iii) the third tranche of 20% of the Shares that are the subject to the Options granted (rounded down to the nearest whole number) will be exercisable at any time during the period commencing from 9 October 2017 and ending on 8 October 2018;
- (iv) the fourth tranche of 20% of the Shares that are the subject to the Options granted (rounded down to the nearest whole number) will be exercisable at any time during the period commencing from 9 October 2018 and ending on 8 October 2019;
- (v) the fifth tranche comprising the remaining number of Shares that are subject to the Option granted will be exercisable at any time during the period commencing from 9 October 2019 and ending on the expiry date of the Option Period.
4. The closing price of the Shares on the date of grant of the options on 9 October 2014 was HK\$3.05 per share.
5. The expiry date of the Share Option Scheme is 13 October 2019, being the date of not more than 10 years from the date of adoption of the Share Option Scheme on 14 October 2009 pursuant to Rule 17.03(11) of the Listing Rules.
6. Valuation of the options granted

The valuation of options granted was based on the Binomial Model with the following assumptions:

Date of grant	9 October 2014
Closing share price on the date of grant	HK\$3.05
Exercise price per share	HK\$3.05
Annual risk free rate	0.34% p.a. for 2-year option 0.75% p.a. for 3-year option 1.22% p.a. for 4-year option 1.27% p.a. for 5-year option 1.81 % p.a. for 10-year option
Expected volatility	39% p.a. for the 2-year options and 49% for the 3-year, 4-year, 5-year and 10-year options
Term of the option	2–10 years
Expected dividend yield	5.70% p.a.

The fair value of each option:

Vesting period	Directors	Other employees
1 year after grant date	HK\$0.4848	HK\$0.4965
2 years after grant date	HK\$0.7429	HK\$0.7559
3 years after grant date	HK\$0.8076	HK\$0.8191
4 years after grant date	HK\$0.8447	HK\$0.8548
5 years after grant date	HK\$1.0325	HK\$0.9959

PRE-IPO SHARE OPTION SCHEME

The Company adopted a pre-IPO share option scheme on 14 October 2009 (“Pre-IPO Share Option Scheme”). The purposes and main terms of the Pre-IPO Share Option Scheme are similar to that of the Share Option Scheme, except for the following major terms:

- (a) The subscription price per share shall be equal to the offer price of the Shares under the global offering, being HK\$3.50 per share;
- (b) As at 30 June 2015, the total number of Shares involved in the Pre-IPO Share Option Scheme was 18,250,000 shares, representing approximately 0.12% of the Shares in issue of the Company; and
- (c) No further options shall be offered or granted since the date on which the Shares are traded on the Stock Exchange. Details of the outstanding options granted pursuant to the Pre-IPO Share Option Scheme are set out below:

The details of movement in the options granted under the Pre-IPO Share Option Scheme for the year ended 31 December 2014 were as follows:

Name of grantee	Date of grant	Exercise price (HK\$)	Exercise period	Number of Pre-IPO share options				Outstanding as at 31 December 2014
				Outstanding as at 1 January 2014	Granted during the year	Exercised during the year	Lapsed during the year	
He Miaoling	14 October 2009	3.50	5 November 2010 to 5 November 2015	6,000,000	NA	NA	NA	6,000,000
Tse Wai Wah	14 October 2009	3.50	5 November 2010 to 5 November 2015	6,000,000	NA	NA	NA	6,000,000
Xu Wen	14 October 2009	3.50	5 November 2010 to 5 November 2015	6,000,000	NA	NA	NA	6,000,000
Xia Haijun	14 October 2009	3.50	5 November 2010 to 5 November 2015	20,000,000	NA	20,000,000	NA	NA
Other employees of the Group (in aggregate)	14 October 2009	3.50	5 November 2010 to 5 November 2015	129,929,000	NA	30,630,000	NA	99,299,000
Total								117,299,000

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

The details of movement in the options granted under the Pre-IPO Share Option Scheme for the six months ended 30 June 2015 were as follows:

Name of grantee	Date of grant	Exercise price (HK\$)	Exercise period	Number of Pre-IPO share options				Outstanding as at 30 June 2015
				Outstanding as at 1 January 2015	Granted during the period	Exercised during the period	Lapsed during the period	
He Miaoling	14 October 2009	3.50	5 November 2010 to 5 November 2015	6,000,000	NA	6,000,000	NA	NA
Tse Wai Wah	14 October 2009	3.50	5 November 2010 to 5 November 2015	6,000,000	NA	NA	NA	6,000,000
Xu Wen	14 October 2009	3.50	5 November 2010 to 5 November 2015	6,000,000	NA	6,000,000	NA	NA
Other employees of the Group (in aggregate)	14 October 2009	3.50	5 November 2010 to 5 November 2015	99,299,000	NA	83,049,000	4,000,000	12,250,000
Total								18,250,000

DEBENTURE

For the six months ended 30 June 2015, neither the Company nor its holding company or its subsidiaries was a party to any arrangements to enable the Directors to acquire benefits by means of acquisition of the shares or debentures of the Company or any other body corporate.

INTEREST AND SHORT POSITIONS OF DIRECTORS IN SHARES, UNDERLYING SHARES OR DEBENTURES

As at 30 June 2015, the interest and short positions of the Directors and chief executives of the Company in the Shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required pursuant to Section 352 of the SFO to be entered in the register referred to therein or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code are as follows:

(i) Interest in the Shares of the Company

Name of Director	Nature of interest	Number of Shares	Approximate percentage of shareholding
Hui Ka Yan (Note 1)	Interest of controlled corporation	10,162,119,735 (L)	64.89%

Note:

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

(ii) Interest in the underlying shares of the Company

(a) Pre-IPO Share Option Scheme

Name of Director	Nature of interest	Number of Shares outstanding involved in the options granted under the Pre-IPO Share Option Scheme	Approximate percentage of shareholding of those options granted and exercised under the Pre-IPO Share Option Scheme
Tse Wai Wah	Beneficial owner	6,000,000	0.04%

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

(b) Share Option Scheme

Name of Director	Outstanding share option as at 30 June 2015	Date of grant	Exercise price HK\$
Xia Haijun	100,000,000	9 October 2014 (Note 1)	3.05
He Miaoling	2,335,000	18 May 2010 (Note 2)	2.40
	10,000,000	9 October 2014 (Note 1)	3.05
Tse Wai Wah	10,000,000	9 October 2014 (Note 1)	3.05
	9,000,000	18 May 2010 (Note 2)	2.40
Xu Wen	10,000,000	9 October 2014 (Note 1)	3.05
	4,400,000	18 May 2010 (Note 2)	2.40
Huang Xiangui	5,000,000	9 October 2014 (Note 1)	3.05
Chau Shing Yim, David	1,000,000	9 October 2014 (Note 1)	3.05
He Qi	1,000,000	9 October 2014 (Note 1)	3.05
Xie Hongxi	1,000,000	9 October 2014 (Note 1)	3.05

Notes:

1. The exercise period is from 9 October 2015 to 8 October 2024.
2. The exercise period is from 18 May 2010 to 13 October 2019.

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

(iii) Interest in associated corporation of the Company

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

Note: Even Honour Holdings Limited is a company wholly owned by Ms. Ding Yumei, the spouse of Dr. Hui Ka Yan, and is deemed to be an associated corporation of the Company pursuant to the SFO.

(iv) Interest in debentures of the Company

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

Save as disclosed above, as at 30 June 2015, none of the Directors, executives of the Company or their respective associates had any other interests or short positions in any Shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required pursuant to Section 352 of the SFO to be entered in the register referred to therein or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS

As far as the Directors or executives of the Company are aware, as at 30 June 2015, other than the Directors or chief executives of the Company as disclosed above, the following persons had interest or short positions in the Shares or underlying shares which were required to be notified to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were required pursuant to Section 336 of the SFO to be entered in the register to be kept therein or to be notified to the Company and the Stock Exchange:

Name of shareholder	Nature of interest	Interest in Shares	Approximate percentage of shareholding
Ding Yumei	Interest of controlled corporation	10,162,119,735 (L)	64.89%
Xin Xin (BVI) Limited	Beneficial owner	9,370,871,497(L)	59.84%
Yaohua Limited	Interest of controlled corporation	791,248,238(L)	5.05%
Even Honour Holdings Limited	Beneficial owner	791,248,238(L)	5.05%

Notes:

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

MATERIAL ACQUISITIONS AND DISPOSALS

For the six months ended 30 June 2015, the Group did not have any material acquisition or disposal.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended 30 June 2015.

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

On 28 May 2015, the Company entered into a placing and subscription agreement with Xin Xin (BVI) Limited ("Xin Xin"), the controlling shareholder of the Company, and the placing agents, pursuant to which Xin Xin has placed 820,000,000 shares to six or more independent investors at a placing price of HK\$5.67 per share. At the same time, Xin Xin has subscribed for the same number of new shares from the Company at the same price of HK\$5.67 per share. The 820,000,000 subscription shares have an aggregate nominal value of US\$8,200,000 and had a market value of approximately HK\$5.67 billion, based on the closing price per share of HK\$6.91 on 27 May 2015, the last full trading day in the shares prior to the entering into of the placing and subscription agreement. The net price of the subscription share is approximately HK\$5.61 per share. The top-up placing was conducted to provide an opportunity for the Company to raise further capital whilst broadening the shareholder base and the capital base of the Company. Net proceed of approximately HK\$4.60 billion was raised through the top-up placing, which has been applied for the repayment of debts and as general working capital of the Company.

Save as disclosed herein, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2015.

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 2015.

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

REVIEW OF INTERIM REPORT BY AUDIT COMMITTEE

The unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2015 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 2015, and discussed with the Company’s management regarding review, internal control and other relevant matters.

CONDENSED CONSOLIDATED BALANCE SHEET

		30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment	7	15,911,099	15,504,229
Land use rights	7	3,451,325	3,388,044
Investment properties	7	79,471,858	61,856,719
Properties under development	8	354,842	354,842
Trade and other receivables	10	9,145,348	5,221,424
Intangible assets	7	362,576	368,229
Investments accounted for using the equity method	12	1,418,831	1,062,092
Available-for-sale financial assets	13	596,753	123,006
Deferred income tax assets	21	3,154,083	2,447,413
Goodwill	7	884,737	486,004
		114,751,452	90,812,002
Current assets			
Inventories		949,275	578,482
Properties under development	8	237,060,831	210,793,173
Completed properties held for sale	9	47,970,679	35,682,401
Trade and other receivables	10	18,724,038	16,027,027
Prepayments	11	35,310,067	47,867,990
Income tax recoverable		3,511,674	2,252,960
Financial assets at fair value through profit or loss	14	—	10,949,858
Restricted cash	15	43,500,599	29,651,430
Cash and cash equivalents	16	38,068,299	29,846,770
		425,095,462	383,650,091
Total assets		539,846,914	474,462,093
EQUITY			
Equity attributable to shareholders of the Company			
Share capital	17	1,086,312	1,020,734
Share premium	17	4,342,270	—
Reserves	18	7,549,977	5,848,773
Retained earnings		45,068,168	44,250,284
		58,046,727	51,119,791
Perpetual capital instruments	19	52,366,090	52,852,179
Non-controlling interests		10,432,216	8,406,034
Total equity		120,845,033	112,378,004

CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

	Note	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	20	84,469,506	76,401,319
Other payables	22	685,760	7,175,106
Deferred income tax liabilities	21	12,705,988	10,270,800
		97,861,254	93,847,225
Current liabilities			
Borrowings	20	100,818,933	79,663,300
Trade and other payables	22	159,629,123	123,672,865
Receipt in advance from customers		37,641,094	47,347,949
Current income tax liabilities	23	23,051,477	17,552,750
		321,140,627	268,236,864
Total liabilities		419,001,881	362,084,089
Total equity and liabilities		539,846,914	474,462,093
Net current assets		103,954,835	115,413,227
Total assets less current liabilities		218,706,287	206,225,229

The notes on pages 32 to 62 form an integral part of these interim consolidated financial information.

Director

Director

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Six months ended 30 June	
		2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Revenue	6	77,743,209	63,336,747
Cost of sales	25	(55,673,495)	(45,242,114)
Gross profit		22,069,714	18,094,633
Fair value gains on investment properties	7	5,533,975	4,408,172
Other income	24	1,217,189	514,367
Selling and marketing costs	25	(5,299,872)	(3,539,235)
Administrative expenses	25	(2,977,096)	(1,939,506)
Other operating expenses	25	(539,200)	(758,098)
Operating profit		20,004,710	16,780,333
Gain on financial assets at fair value through profit or loss	14	2,481,429	—
Finance costs, net	26	(606,901)	(224,984)
Share of profit of investments accounted for using the equity method	12	38,649	—
Profit before income tax		21,917,887	16,555,349
Income tax expenses	27	(8,631,880)	(7,060,480)
Profit for the period		13,286,007	9,494,869
Other comprehensive income <i>Item that may be reclassified to profit or loss</i>			
Change in value of available-for-sale financial assets		(12,999)	171,296
Total comprehensive income for the period		13,273,008	9,666,165
Profit attributable to:			
Shareholders of the Company		9,426,371	7,093,578
Holders of perpetual capital instruments		2,611,301	1,883,863
Non-controlling interests		1,248,335	517,428
		13,286,007	9,494,869
Total comprehensive income attributable to:			
Shareholders of the Company		9,413,372	7,264,874
Holders of perpetual capital instruments		2,611,301	1,883,863
Non-controlling interests		1,248,335	517,428
		13,273,008	9,666,165
Earnings per share for profit attributable to shareholders of the Company for the period (expressed in RMB per share)			
— Basic earnings per share	28	0.63	0.48
— Diluted earnings per share	28	0.62	0.47
Dividends	29	—	—

The notes on pages 32 to 62 form an integral part of these interim consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders of the Company					Perpetual capital instruments RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Reserves RMB'000	Retained earnings RMB'000	Total RMB'000			
Unaudited:								
Balance as at 1 January 2014	1,109,703	4,227,525	4,232,261	39,020,303	48,589,792	25,023,773	5,729,069	79,342,634
Comprehensive income								
Profit for the period	—	—	—	7,093,578	7,093,578	1,883,863	517,428	9,494,869
Other comprehensive income								
Change in value of available-for-sale financial assets	—	—	171,296	—	171,296	—	—	171,296
Total comprehensive income	—	—	171,296	7,093,578	7,264,874	1,883,863	517,428	9,666,165
Transactions with owners:								
Transfer to statutory reserves	—	—	1,513,739	(1,513,739)	—	—	—	—
Issuance of ordinary shares pursuant to share option scheme (note 18(c))	18,349	840,236	(246,429)	—	612,156	—	—	612,156
Employee share option schemes (note 18(c))	—	—	24,940	—	24,940	—	—	24,940
Repurchase of shares	(97,897)	(4,078,069)	97,897	(97,897)	(4,175,966)	—	—	(4,175,966)
Dividends	—	(989,692)	—	(5,348,295)	(6,337,987)	—	—	(6,337,987)
Issuance of perpetual capital instruments	—	—	—	—	—	17,576,536	—	17,576,536
Changes in ownership interests in subsidiaries without change of control	—	—	47,711	—	47,711	—	383,539	431,250
Capital injection from non-controlling interests	—	—	—	—	—	—	745,000	745,000
Total transactions with owners	(79,548)	(4,227,525)	1,437,858	(6,959,931)	(9,829,146)	17,576,536	1,128,539	8,875,929
Balance as at 30 June 2014	1,030,155	—	5,841,415	39,153,950	46,025,520	44,484,172	7,375,036	97,884,728
Unaudited:								
Balance as at 1 January 2015	1,020,734	—	5,848,773	44,250,284	51,119,791	52,852,179	8,406,034	112,378,004
Comprehensive income								
Profit for the period	—	—	—	9,426,371	9,426,371	2,611,301	1,248,335	13,286,007
Other comprehensive income								
Change in value of available-for-sale financial assets	—	—	(12,999)	—	(12,999)	—	—	(12,999)
Total comprehensive income	—	—	(12,999)	9,426,371	9,413,372	2,611,301	1,248,335	13,273,008
Transactions with owners:								
Transfer to statutory reserves	—	—	1,876,348	(1,876,348)	—	—	—	—
Issuance of ordinary shares pursuant to share option scheme (note 18(c))	15,388	762,557	(218,838)	—	559,107	—	—	559,107
Employee share option schemes (note 18(c))	—	—	59,205	—	59,205	—	—	59,205
Proceeds from share placement	50,190	3,579,713	—	—	3,629,903	—	—	3,629,903
Dividends (note 29)	—	—	—	(6,732,139)	(6,732,139)	—	—	(6,732,139)
Issuance of perpetual capital instruments (note 19)	—	—	—	—	—	3,657,895	—	3,657,895
Redemption of perpetual capital instruments	—	—	—	—	—	(4,942,175)	—	(4,942,175)
Distribution to holders of perpetual capital instruments	—	—	—	—	—	(1,813,110)	—	(1,813,110)
Changes in ownership interests in subsidiaries without change of control (note 33)	—	—	(2,512)	—	(2,512)	—	(68,315)	(70,827)
Capital injection from non-controlling interests	—	—	—	—	—	—	417,100	417,100
Acquisition of subsidiaries (note 34)	—	—	—	—	—	—	313,993	313,993
Non-controlling interests arising on business combination (note 35)	—	—	—	—	—	—	115,069	115,069
Total transactions with owners	65,578	4,342,270	1,714,203	(8,608,487)	(2,486,436)	(3,097,390)	777,847	(4,805,979)
Balance as at 30 June 2015	1,086,312	4,342,270	7,549,977	45,068,168	58,046,727	52,366,090	10,432,216	120,845,033

The notes on pages 32 to 62 form an integral part of these interim consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Cash flows of operating activities		
Net cash generate from/(used in) operations	917,620	(30,194,984)
PRC corporate income tax paid	(1,305,641)	(2,421,294)
PRC land appreciation tax paid	(1,300,230)	(1,480,210)
Interest paid	(8,259,156)	(5,791,327)
Net cash used in operating activities	(9,947,407)	(39,887,815)
Cash flows of investing activities		
Addition of property, plant and equipment and investment properties	(6,571,918)	(10,305,142)
Purchase of land use rights	(111,588)	(289,142)
Purchase of intangible assets	(26,033)	(215,791)
Purchase of available-for-sale financial assets	(491,080)	(2,144,665)
Proceeds from disposal of available-for-sale financial assets	—	870,152
Acquisition of a subsidiary, net of cash acquired	(667,813)	—
Investments in joint ventures	(503,154)	—
Purchase of financial assets at fair value through profit or loss	(1,600,000)	—
Proceeds from disposal of financial assets at fair value through profit or loss	15,031,287	—
Advances to associates and joint ventures	(185,007)	—
Proceeds from disposal of property, plant and equipment	234,548	—
Interest received	481,968	128,082
Proceeds from disposal of investment properties	682,801	842,713
Net cash generated from/(used in) investing activities	6,274,011	(11,113,793)
Cash flows of financing activities		
Proceeds from borrowings	81,951,082	73,972,289
Repayment of borrowings	(52,787,621)	(31,271,813)
Issuance of ordinary shares pursuant to share option scheme	559,107	612,156
Repayment to non-controlling interests	(1,781,809)	(26,818)
Proceeds from perpetual capital instruments	3,657,895	17,576,536
Redemption of perpetual capital instruments	(4,942,175)	—
Distribution to holders of perpetual capital instruments	(1,813,110)	—
Repurchase of shares	—	(4,175,966)
Proceeds from share placement	3,629,903	—
Restricted cash pledged for bank borrowings	(10,949,315)	(10,742,937)
Capital injection from non-controlling interests	417,100	745,000
Changes in ownership interests in subsidiaries without change of control	(70,827)	431,250
Interest paid to unit holders of consolidated investment entities	(356,685)	—
Repayment made to unit holders of consolidated investment entities	(5,620,065)	—
Net cash generated from financing activities	11,893,480	47,119,697
Net increase/(decrease) in cash and cash equivalents	8,220,084	(3,881,911)
Cash and cash equivalents at beginning of period	29,846,770	40,118,454
Exchange gain/(loss) on cash and cash equivalents	1,445	(6,527)
Cash and cash equivalents at end of period	38,068,299	36,230,016

The notes on pages 32 to 62 form an integral part of these interim consolidated financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

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

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 thousands of Renminbi Yuan (“RMB”), unless otherwise stated. The condensed consolidated interim financial information has been approved for issue by the Board of Directors of the Company on 31 August 2015.

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 2015 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 2014, 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 2014, as described in those annual financial statements.

- (i) New standards, amendments to standards and interpretations adopted by the Group as at 1 January 2015

The following new standards, amendments to standards and interpretations are mandatory for the Group’s financial year beginning 1 January 2015. The adoption of these new standards, amendments to standards and interpretations does not have any significant impact to the results and financial position of the Group.

HKAS 19 (Amendment)	Regarding employees benefit plans
Annual improvements 2012	2010–2012 Cycle of the annual improvements
Annual improvements 2013	2011–2013 Cycle of the annual improvements
Annual improvements 2014	2012–2014 Cycle of the annual improvements

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

4. ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2014.

5. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Group's businesses are principally conducted in RMB, except that certain receipts of sales proceeds and borrowings are denominated in other currencies. As at 30 June 2015, the non-RMB assets and liabilities of the Group are mainly cash and cash equivalent (note 14) and restricted cash (note 15) denominated in US\$, bank borrowings (note 20) in US\$ and HK\$, and senior notes (note 20) denominated in US\$. The Group has not entered into forward exchange contract to hedge its exposure to foreign exchange risk.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2014.

There have been no changes in the risk management department or in any risk management policies since 2014 year end.

(b) Liquidity risk

During the six months ended 30 June 2015, the Group's current borrowings increased by RMB21,156 million and non-current borrowings increased by RMB8,068 million, respectively.

On 17 February 2015, the Company issued 12.00% five-year senior notes with proceeds of US\$1,000,000,000 (equivalent to approximately RMB6,133,000,000).

On 19 June 2015, a subsidiary of the Company issued 5.38%, five-year PRC corporate bonds with an aggregate principal amount of RMB5,000,000,000 at 100% of the face value.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

5. FINANCIAL RISK MANAGEMENT (Continued)

(c) Fair value estimation

The different levels of fair value estimation have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The available-for-sale financial assets and financial assets at fair value through profit or loss are measured at fair value subsequent to initial recognition. The available-for-sale financial assets are grouped into Level 2 fair value measurements, and the financial assets at fair value through profit or loss are grouped into Level 1 fair value measurements. There were no transfers among different categories during the period.

Fair value of financial assets and liabilities measured at amortised cost

The fair value of senior notes, which is within level 1 of the fair value hierarchy, is as follows:

	30 June 2015	31 December 2014
Senior notes	18,127,585	12,207,667

The fair value of the following financial assets and liabilities approximate their carrying amount:

- Trade and other receivables
- Cash and cash equivalents
- Current borrowings and non-current borrowings except senior notes
- Trade and other payables

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

6. SEGMENT INFORMATION

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

The directors of the Company assess the performance of the operating segments based on a measure of segment results. 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 2015 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	75,373,591	134,181	1,160,927	4,627,834	81,296,533
Inter-segment revenue	—	(54,207)	(462,934)	(3,036,183)	(3,553,324)
Revenue	75,373,591	79,974	697,993	1,591,651	77,743,209
Share of post-tax profit of associates	170,820	—	—	—	170,820
Share of post-tax loss of joint ventures	(4,193)	—	—	(127,978)	(132,171)
Segment results	15,828,945	5,834,290	(132,318)	(1,487,558)	20,043,359
Gain on financial assets at fair value through profit or loss					2,481,429
Finance costs, net					(606,901)
Profit before income tax					21,917,887
Income tax expenses					(8,631,880)
Profit for the period					13,286,007
Depreciation and amortisation	329,869	—	4,242	385,822	719,933
Fair value gains on investment properties	—	5,533,975	—	—	5,533,975

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

6. SEGMENT INFORMATION (Continued)

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

6. SEGMENT INFORMATION (Continued)

Segment assets as at 30 June 2015 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	435,380,601	79,471,858	1,365,654	16,366,291	532,584,404
Unallocated assets					7,262,510
Total assets					539,846,914

Segment assets as at 31 December 2014 are as follows:

	Property development RMB'000	Property investment RMB'000	Property management services RMB'000	Other businesses RMB'000	Group RMB'000
Segment assets	381,636,825	61,856,719	702,126	14,493,186	458,688,856
Unallocated assets					15,773,237
Total assets					474,462,093

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, properties under development, completed properties held for sale, 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.

NOTES TO THE CONDENSED CONSOLIDATED
INTERIM FINANCIAL INFORMATION (CONTINUED)

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

	Property, plant and equipment RMB'000	Land use rights RMB'000	Intangible assets RMB'000	Investment properties RMB'000	Goodwill RMB'000	Total RMB'000
Six months ended						
30 June 2014						
Opening net book amount						
as at 1 January 2014	11,377,719	2,796,471	439,600	36,038,688	—	50,652,478
Additions	1,985,208	289,142	215,791	8,319,934	—	10,810,075
Disposals	(77,870)	—	(19,652)	(590,024)	—	(687,546)
Fair value gains on investment properties	—	—	—	4,408,172	—	4,408,172
Depreciation and amortisation charge	(458,181)	(22,294)	(87,894)	—	—	(568,369)
Closing net book amount						
as at 30 June 2014	12,826,876	3,063,319	547,845	48,176,770	—	64,614,810
Six months ended						
30 June 2015						
Opening net book amount						
as at 1 January 2015	15,504,229	3,388,044	368,229	61,856,719	486,004	81,603,225
Additions	1,272,788	111,588	26,033	12,532,893	—	13,943,302
Acquisition of subsidiaries	20,994	—	8,824	—	398,733	428,551
Disposals	(255,796)	—	—	(451,729)	—	(707,525)
Fair value gains on investment properties	—	—	—	5,533,975	—	5,533,975
Depreciation and amortisation charge	(631,116)	(48,307)	(40,510)	—	—	(719,933)
Closing net book amount						
as at 30 June 2015	15,911,099	3,451,325	362,576	79,471,858	884,737	100,081,595

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

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

The Group measures its investment properties at fair value. The fair value of the Group's investment properties as at 30 June 2015 has been determined on the basis of valuation carried out by CB Richard Ellis Limited ("CBRE"), an independent and professionally qualified valuer.

Valuation techniques

- (i) direct comparison approach is adopted assuming sale of each of these properties in its existing state with the benefit of vacant possession. By making reference to sales transactions as available in the relevant market, comparable properties in close proximity have been selected and adjustments have been made to account for the difference in factors such as location and property size.
- (ii) income approach takes into account the current rents of the property interests and the reversionary potentials of the tenancies, term yield and reversionary yield are then applied respectively to derive the market value of the property.
- (iii) residual method of valuation which is commonly used in valuing development sites by establishing the market value of the properties on an "as-if" completed basis with appropriate deduction on construction costs, professional fees, contingency, marketing and legal cost, and interest payments to be incurred, anticipated developer's profits, as well as land acquisition costs, interest payment and profit on land.

There were no changes to the valuation techniques during the six months ended 30 June 2015.

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

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

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

8. PROPERTIES UNDER DEVELOPMENT

	30 June 2015 RMB'000	31 December 2014 RMB'000
Properties under development expected to be completed:		
– Within one operating cycle, included under current assets	237,060,831	210,793,173
– Beyond one operating cycle, included under non-current assets	354,842	354,842
	237,415,673	211,148,015
Properties under development comprise:		
– Construction costs and capitalised expenditures	80,118,281	80,941,126
– Interest capitalised	20,640,444	18,277,209
– Land use rights	136,656,948	111,929,680
	237,415,673	211,148,015

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

The capitalisation rate of borrowing costs for the six months ended 30 June 2015 is 9.94% (for the six months ended 30 June 2014: 9.31%).

9. COMPLETED PROPERTIES HELD FOR SALE

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

10. TRADE AND OTHER RECEIVABLES

	30 June 2015 RMB'000	31 December 2014 RMB'000
Trade receivables (note (a))	16,958,923	12,218,770
Other receivables	10,910,463	9,029,681
	27,869,386	21,248,451
Less: non-current portion	(9,145,348)	(5,221,424)
Trade receivables (note (a))	(8,741,506)	(4,837,117)
Other receivables	(403,842)	(384,307)
	18,724,038	16,027,027

As at 30 June 2015 and 31 December 2014, the fair value of trade and other receivables approximated their carrying amounts.

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

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

	30 June 2015 RMB'000	31 December 2014 RMB'000
Within 90 days	9,466,242	4,965,824
Over 90 days and within 180 days	1,167,614	518,740
Over 180 days and within 365 days	1,575,424	4,183,408
Over 365 days	4,749,643	2,550,798
	16,958,923	12,218,770

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

10. TRADE AND OTHER RECEIVABLES (Continued)

As at 30 June 2015, trade receivables of RMB362,280,000 (31 December 2014: RMB273,645,000) 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 2015 (31 December 2014: nil). The aging analysis of these trade receivables is as follows:

	30 June 2015 RMB'000	31 December 2014 RMB'000
Within 1 year	362,280	273,645

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.

11. PREPAYMENTS

	30 June 2015 RMB'000	31 December 2014 RMB'000
Prepaid business taxes and other taxes	1,673,637	1,825,948
Prepayments and advances to third parties	33,636,430	46,042,042
— for acquisition of land use rights	30,441,566	44,887,471
— others	3,194,864	1,154,571
	35,310,067	47,867,990

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	30 June 2015 RMB'000	31 December 2014 RMB'000
Associates	14,959	29,203
Joint ventures	1,403,872	1,032,889
	1,418,831	1,062,092

The amounts recognised in the income statement are as follows:

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Share of profit of associates	170,820	—
Share of loss of the joint ventures	(132,171)	—
	38,649	—

Interests in associates

The movements of the interests in associates are as follows:

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Balance as at 1 January	29,203	—
Disposals	(185,064)	—
Share of profit of associates	170,820	—
Balance as at 30 June	14,959	—

The associates are accounted for using the equity method. The directors of the Company consider that there are no individually material associates.

There are no contingent liabilities or commitment relating to the Group's interests in the associates.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

Interests in joint ventures

The movements of the interests in joint ventures are as follows:

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Balance as at 1 January	1,032,889	—
Additions	503,154	—
Share of loss of joint ventures	(132,171)	—
Balance as at 30 June	1,403,872	—

Joint ventures are accounted for using the equity method. The directors of the Company consider that there are no individually material joint ventures.

There are no contingent liabilities or commitment relating to the Group's interest in the joint ventures.

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Balance as at 1 January	123,006	3,845,234
Additions	491,080	2,144,665
Disposals	—	(924,173)
— Cost	—	(1,266,053)
— Fair value loss	—	341,880
Fair value loss recognised in equity	(17,333)	(113,485)
Balance as at 30 June	596,753	4,952,241
The available-for-sale financial assets are denominated in the following currencies:		
RMB	—	4,829,235
US dollar	596,753	123,006
	596,753	4,952,241

As at 30 June 2015, available-for-sale financial assets represented the Group's equity investments in an unlisted fund.

There were no impairment provisions on available-for-sale financial assets made during the six months ended 30 June 2015 (31 December 2014: nil).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Balance as at 1 January	10,949,858	—
Additions	1,600,000	—
Changes in fair value of financial assets	2,481,429	—
Disposals	(15,031,287)	—
Balance as at 30 June	—	—

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.

15. RESTRICTED CASH

	30 June 2015 RMB'000	31 December 2014 RMB'000
Denominated in RMB	43,495,942	29,315,556
Denominated in other currencies	4,657	335,874
	43,500,599	29,651,430

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

As at 30 June 2015, the Group's restricted cash mainly comprised guarantee deposits for construction of projects, guarantee deposits for bank acceptance notes and loans, and guarantee deposits for land acquisitions.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

16. CASH AND CASH EQUIVALENTS

	30 June 2015 RMB'000	31 December 2014 RMB'000
Cash at bank and in hand:		
— Denominated in RMB	29,798,351	29,095,864
— Denominated in other currencies	8,269,948	750,906
	38,068,299	29,846,770

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

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

17. SHARE CAPITAL AND PREMIUM

	Number of ordinary shares (Thousands)	Nominal value of ordinary shares US\$'000	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
Six months ended 30 June 2014					
Balance as at 1 January 2014	16,046,559	160,466	1,109,703	4,227,525	5,337,228
Issue of shares pursuant to the option scheme	298,579	2,985	18,349	840,236	858,585
Repurchase of shares	(1,602,846)	(16,028)	(97,897)	(4,078,069)	(4,175,966)
Dividends	—	—	—	(989,692)	(989,692)
Balance as at 30 June 2014	14,742,292	147,423	1,030,155	—	1,030,155
Six months ended 30 June 2015					
Balance as at 1 January 2015	14,589,061	145,891	1,020,734	—	1,020,734
Issuance of ordinary shares pursuant to share option scheme	250,719	2,507	15,388	762,557	777,945
Proceeds from share placement (note (a))	820,000	8,200	50,190	3,579,713	3,629,903
Balance as at 30 June 2015	15,659,780	156,598	1,086,312	4,342,270	5,428,582

(a) On 28 May 2015, 820,000,000 shares of the Company were placed to certain investors at price of HK\$5.67 per share.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

18. RESERVES

	Merger reserve RMB'000 (note (a))	Other reserves RMB'000	Statutory reserves RMB'000 (note (b))	Employee share option reserve RMB'000 (note (c))	Capital redemption reserve RMB'000	Total RMB'000
Six months ended 30 June 2014						
Balance at 1 January 2014	(986,474)	748,049	3,921,890	541,641	7,155	4,232,261
Retained earnings appropriated to statutory reserves	—	—	1,513,739	—	—	1,513,739
Changes in ownership interests in subsidiaries without change of control	—	47,711	—	—	—	47,711
Employee share option scheme (note (c))	—	—	—	24,940	—	24,940
Issuance of ordinary shares pursuant to share option scheme	—	—	—	(246,429)	—	(246,429)
Change in value of available-for-sale financial assets	—	171,296	—	—	—	171,296
Repurchase of shares	—	—	—	—	97,897	97,897
Balance at 30 June 2014	(986,474)	967,056	5,435,629	320,152	105,052	5,841,415
Six months ended 30 June 2015						
Balance at 1 January 2015	(986,474)	952,995	5,435,629	331,710	114,913	5,848,773
Transfer to statutory reserves	—	—	1,876,348	—	—	1,876,348
Changes in ownership interests in subsidiaries without change of control (note 33)	—	(2,512)	—	—	—	(2,512)
Employee share option schemes (note (c))	—	—	—	59,205	—	59,205
Issuance of ordinary shares pursuant to share option scheme	—	—	—	(218,838)	—	(218,838)
Change in value of available-for-sale financial assets	—	(12,999)	—	—	—	(12,999)
Balance at 30 June 2015	(986,474)	937,484	7,311,977	172,077	114,913	7,549,977

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

18. RESERVES (Continued)

(a) Merger reserve

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

(b) Statutory reserves

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

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

(c) Employee share option reserve

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

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

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

On 9 October 2014, 530,000,000 share options (the "2014 Options") were granted to directors and employees with an exercise price of HK\$3.05 per share. All the options granted will be exercisable within 5 years after vesting.

Movements of share options are as follows:

	Number of share options
Six months ended 30 June 2014	
Balance at 1 January 2014	678,065,000
Exercised during the period	(298,579,000)
Lapsed during the period	(2,600,000)
Balance at 30 June 2014	376,886,000
Six months ended 30 June 2015	
Balance at 1 January 2015	896,685,000
Exercised during the period	(250,719,000)
Lapsed during the period	(32,800,000)
Balance at 30 June 2015	613,166,000

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

18. RESERVES (Continued)

(c) Employee share option reserve (Continued)

Particulars of share options as at 30 June 2015 and 31 December 2014 are as follows:

Date of grant	Vesting period	Exercise period	Exercise price	Number of outstanding shares	
				30 June 2015	31 December 2014
Pre-IPO Options:					
14 October 2009	2 years	5 November 2011 — 5 November 2015	HK\$3.5	—	39,779,000
14 October 2009	3 years	5 November 2012 — 5 November 2015	HK\$3.5	18,250,000	77,520,000
2010 Options:					
18 May 2010	31 Months	31 December 2012 — 31 December 2017	HK\$2.4	—	83,128,000
18 May 2010	43 Months	31 December 2013 — 31 December 2018	HK\$2.4	—	83,129,000
18 May 2010	55 Months	31 December 2014 — 31 October 2019	HK\$2.4	83,916,000	83,129,000
2014 Options:					
9 October 2014	1 year	9 October 2015 — 8 October 2016	HK\$3.05	102,200,000	106,000,000
9 October 2014	2 years	9 October 2016 — 8 October 2017	HK\$3.05	102,200,000	106,000,000
9 October 2014	3 years	9 October 2017 — 8 October 2018	HK\$3.05	102,200,000	106,000,000
9 October 2014	4 years	9 October 2018 — 8 October 2019	HK\$3.05	102,200,000	106,000,000
9 October 2014	5 years	9 October 2019 — 8 October 2024	HK\$3.05	102,200,000	106,000,000
				613,166,000	896,685,000

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

19. PERPETUAL CAPITAL INSTRUMENTS

During the period, certain wholly owned subsidiaries of the Company issued subordinated perpetual capital instruments (the “Perpetual Capital Instruments”) with the aggregate principal amount of RMB3,657,895,000.

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

20. BORROWINGS

	30 June 2015 RMB'000	31 December 2014 RMB'000
Borrowings included in non-current liabilities:		
Bank borrowings (note (f))	73,968,517	55,538,643
Senior notes	18,889,918	12,774,407
– Senior notes issued in 2011 (“2011 Senior Notes”) (note (a))	3,688,133	3,678,081
– Senior notes issued in 2013 (“2013 Senior Notes”) (note (b))	9,105,506	9,096,326
– Senior notes issued in 2015 (“2015 Senior Notes”) (note (c))	6,096,279	—
PRC corporate bonds (Note (d))	4,950,245	—
Other borrowings (note (e))	56,916,962	52,267,524
	154,725,642	120,580,574
Less: current portion of non-current borrowings	(70,256,136)	(44,179,255)
	84,469,506	76,401,319
Borrowings included in current liabilities:		
Bank borrowings (note (f))	18,474,675	20,588,920
Other borrowings (note (e))	12,088,122	14,895,125
Current portion of non-current borrowings	70,256,136	44,179,255
	100,818,933	79,663,300
Total borrowings	185,288,439	156,064,619
The total borrowings are denominated in the following currencies:		
RMB	149,018,626	129,332,907
US dollar	32,616,025	18,381,523
HK dollar	3,653,788	8,350,189
	185,288,439	156,064,619

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

20. BORROWINGS (Continued)

(a) 2011 Senior Notes

On 19 January 2011, the Company issued 9.25%, five-year senior notes with an aggregated principal amount of RMB3,700,000,000 at 100% of the face value.

(b) 2013 Senior Notes

On 31 October 2013, the Company issued 8.75%, five-year senior notes with an aggregated principal amount of US\$1,000,000,000 (equivalent to approximately RMB6,141,200,000) at 100% of the face value. On 13 November 2013, the Company further issued additional senior notes with an aggregated principal amount of US\$500,000,000 (equivalent to approximately RMB 3,070,600,000) at 100% of the face value.

(c) 2015 Senior Notes

On 17 February 2015, the Company issued 12.00%, five-year senior notes with an aggregated principal amount of US\$1,000,000,000 (equivalent to approximately RMB6,133,000,000) at 100% of the face value.

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

(d) PRC corporate bonds

On 19 June 2015, a subsidiary of the Company issued 5.38%, five-year PRC corporate bonds with an aggregated principal amount of RMB5,000,000,000 at 100% of the face value.

(e) Other borrowings

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

(f) Bank borrowings

The bank borrowings included secured liabilities, which were secured by certain of the Group's property, plant and equipment, land use rights, investment properties, properties under development, completed properties held for sale and cash in bank.

Movements of borrowings are analysed as follows:

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Balance as at 1 January	156,064,619	108,817,338
Additions of borrowings	81,951,082	73,972,289
Acquisition of subsidiaries (note 35)	59,449	—
Repayments of borrowings	(52,787,621)	(31,271,813)
Amortisation of issuance costs	23,162	50,242
Exchange (gains)/losses	(22,252)	212,673
Balance as at 30 June	185,288,439	151,780,729

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

21. DEFERRED INCOME TAX

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

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Balance as at 1 January	7,823,387	5,425,535
Acquisition of subsidiaries (note 35)	1,220	—
Tax (credited)/charged relating to components of other comprehensive income	(4,334)	57,099
Recognised in income tax expenses (note 27)	1,731,632	430,703
Balance as at 30 June	9,551,905	5,913,337

	30 June 2015 RMB'000	31 December 2014 RMB'000
Deferred income tax assets	(3,154,083)	(2,447,413)
Deferred income tax liabilities	12,705,988	10,270,800
	9,551,905	7,823,387

22. TRADE AND OTHER PAYABLES

	30 June 2015 RMB'000	31 December 2014 RMB'000
Trade payables	115,865,593	91,889,003
Other payables	33,568,995	35,661,581
Dividend payable	6,732,139	—
Accrued expenses	2,045,924	2,186,319
Other taxes payable	2,102,232	1,111,068
Less: non-current portion of other payables	160,314,883 (685,760)	130,847,971 (7,175,106)
	159,629,123	123,672,865

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

22. TRADE AND OTHER PAYABLES (Continued)

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

	30 June 2015 RMB'000	31 December 2014 RMB'000
Within one year	103,361,462	81,223,433
Over one year	12,504,131	10,665,570
	115,865,593	91,889,003

23. CURRENT INCOME TAX LIABILITIES

The current income tax liabilities are analysed as follows:

	30 June 2015 RMB'000	31 December 2014 RMB'000
Income tax payables		
— PRC corporate income tax	8,885,037	5,742,372
— PRC land appreciation tax	14,166,440	11,810,378
	23,051,477	17,552,750

24. OTHER INCOME

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Interest income from bank deposits	481,968	128,082
Forfeited customer deposits	82,463	17,028
Advertising income	—	215,168
Gain on disposal of investment properties	231,072	252,689
Dividend income of available-for-sale financial assets	—	211,889
Loss on disposal of available-for-sale financial assets	—	(395,901)
Interest income from non-current receivables	266,380	—
Others	155,306	85,412
	1,217,189	514,367

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

25. 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	
	2015 RMB'000	2014 RMB'000
Cost of properties sold	49,242,648	40,727,379
Staff costs — including directors' emoluments	5,279,906	3,598,317
Business tax and other levies (note (a))	4,391,708	3,609,678
Advertising costs	2,604,802	2,007,028
Sales commissions	544,742	306,747
Consultancy fee (note (b))	128,801	106,337
Depreciation of property, plant and equipment	631,116	458,181
Amortisation of land use rights and intangible assets	88,817	110,188
Operating lease expenses	86,119	103,346
Donations	122,788	45,744

(a) Business tax

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

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

(b) Consultancy fee

The consultancy fee for the six months ended 30 June 2015 and 2014 are mainly related to market promotion, finance planning and consultancy services provided by real estate consulting firms and commercial banks.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

26. FINANCE COST, NET

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Finance costs		
Interest expense from borrowings	(7,879,455)	(5,685,676)
Less: interest capitalised	7,878,657	5,675,722
	(798)	(9,954)
Exchange gain/(loss)	26,705	(215,030)
Other finance costs	(632,808)	—
	(606,901)	(224,984)

27. INCOME TAX EXPENSES

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Current income tax		
— Hong Kong profits tax	372	—
— PRC corporate income tax	3,897,715	4,102,364
— PRC land appreciation tax	3,002,161	2,527,413
Deferred income tax		
— PRC corporate income tax	370,660	29,937
— PRC land appreciation tax	1,360,972	400,766
	8,631,880	7,060,480

The weighted average applicable corporate income tax rate for the six months ended 30 June 2015 and 2014 is 25%.

Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (2012 Revision as consolidated and revised from time to time) 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 2014: 16.5%) on the estimated assessable profit for the current period in respect of operations in Hong Kong.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

27. INCOME TAX EXPENSES (Continued)

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 2014: 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.

28. 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.

29. DIVIDENDS

The Board of Directors of the Company resolved not to declare any dividend in respect of the six months ended 30 June 2015 (six months ended 30 June 2014: nil).

A final dividend in respect of the year ended 31 December 2014 of HK\$0.545 per share totaling RMB6,732,139,000 has been approved by the shareholders of the Company in the Annual General Meeting of the Company on 12 June 2015. This final dividend has been recognised as a liability in this interim financial information.

30. FINANCIAL GUARANTEES

	30 June 2015 RMB'000	31 December 2014 RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the Group's property units (note (a))	113,315,649	102,697,865
Guarantees for borrowings of cooperation parties (note (b))	3,661,462	—
	116,977,111	102,697,865

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

30. FINANCIAL GUARANTEES (Continued)

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

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages. The directors consider that the likelihood of default in payments by purchasers is minimal and therefore the financial guarantees measured at fair value is immaterial.

- (b) It represents guarantees provided to certain cooperation parties (mainly construction subcontractors) of the Group, who are independent third parties, to obtain borrowings after assessing the credit history of these cooperation parties. The Group closely monitors the repayment progress of the relevant borrowings by these cooperation parties. The directors consider that the likelihood of default in payments is minimal and therefore the financial guarantees measured at fair value is immaterial.

31. COMMITMENTS

(a) Operating leases commitments

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

	30 June 2015 RMB'000	31 December 2014 RMB'000
Property, plant and equipment:		
Not later than one year	151,693	236,248
Later than one year and not later than five years	237,268	228,768
Later than five years	31,968	3,542
	420,929	468,558

(b) Commitments for property development expenditure

	30 June 2015 RMB'000	31 December 2014 RMB'000
Contracted but not provided for		
— Property development activities	69,978,307	78,838,337
— Acquisition of land use rights	21,193,428	15,930,173
— Acquisition of subsidiaries	5,542,010	—
	96,713,745	94,768,510

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

32. RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

Name	Relationship
許家印博士 Dr. Hui Ka Yan (“Dr. Hui”)	The ultimate controlling shareholder and also the director of the Company
Jinan Xikai Property Co., Ltd. 濟南西開置業有限公司	Associate of the Group
Jinan Xiye Property Co., Ltd. 濟南西業置業有限公司	Associate of the Group
Jinan Xichuang Property Co., Ltd. 濟南西創置業有限公司	Associate of the Group
Jinan Xishi Property Co., Ltd. 濟南西實置業有限公司	Associate of the Group
Dongying Yujing Property Co., Ltd. 東營御景置業有限公司	Associate of the Group
Guangzhou Evergrande Taobao Football Club Co., Ltd. 廣州恒大淘寶足球俱樂部有限公司	Joint venture of the Group
Inner Mongolia Luqiao Property Co., Ltd. 內蒙古魯橋置業有限公司	Joint venture of the Group
Wangfujing Evergrande Commercial Holdings Company Limited. 王府井恒大商業控股有限公司	Joint venture of the Group

(b) Transactions with related parties

During six months ended 30 June 2015 and 2014, the Group had the following significant transactions with related parties, which are carried out in the normal course of the Group’s business:

	Six months ended 30 June	
	2015 RMB’000	2014 RMB’000
Revenue		
Sales of goods to associates (note (a))	14,849	—
Sales of service to joint ventures	10,186	—
	25,035	—

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

32. RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties (Continued)

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Cost		
Advertisement service fee charged by joint ventures (note (a))	21,698	—
Purchase of goods by joint venture (note (a))	7,204	—
	28,902	—

Note (a): Aforementioned revenue and cost were charged in accordance with the terms of the underlying agreements which, in the opinion of the directors of the Company, were determined with reference to the market price of the prescribed year. In the opinion of the directors of the Company, the above related party transactions were carried out in the normal course of business and at terms mutually negotiated between the Group and the respective related parties.

(c) Balances with related parties

As at 30 June 2015 and 31 December 2014, the Group had the following significant non-trade balances with related parties:

	30 June 2015 RMB'000	31 December 2014 RMB'000
	Due from related parties (note (a))	
Included in trade and other receivables		
— Associates	1,067,384	1,774,107
— Joint ventures	152,076	1,349
	1,219,460	1,775,456
Due to related parties (note (a))		
Included in trade and other payables:		
— Associates	349,686	1,101,446
— Joint ventures	10,878	121
	360,564	1,101,567

Note (a): The balances are cash advances in nature, which are unsecured, interest-free and repayable on demand.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

32. RELATED PARTY TRANSACTIONS (Continued)

(d) Key management compensation

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

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Salaries and other employee benefits	106,259	72,805
Retirement scheme contributions	465	418
	106,724	73,223

33. CHANGE IN OWNERSHIP INTERESTS IN SUBSIDIARIES WITHOUT CHANGE OF CONTROL

Acquisition of additional interest in subsidiaries

During the six months ended 30 June 2015, the Group acquired certain equity interests of certain subsidiaries from non-controlling shareholders at a total consideration of RMB70,827,000. The difference between consideration paid and the carrying amount of equity interests acquired, which amounting to RMB2,512,000, was recognised as an deduction in equity attributable to owners of the Company.

34. ACQUISITION OF SUBSIDIARIES

During the six months ended 30 June 2015, the Group acquired controlling interests of certain property development companies in the PRC at consideration totalling approximately RMB499,466,000. These companies only held parcels of land and did not conduct any substantial operation before they were acquired by the Group. Thus, the directors are of the view that the acquisitions do not constitute acquisition of businesses, and should be treated as acquisition of land use rights. These acquisitions resulted in increase in the non-controlling interests of the Group totalling RMB313,993,000.

35. BUSINESS COMBINATION

In February 2015, the Group acquired 74.99% equity interest of New Media Group Holdings Limited, which is a company listed on the Main Board of the Stock Exchange and subsequently renamed to Evergrande Health Industry Group Limited, at a consideration of HK\$950,000,000 (equivalent to RMB743,756,000).

In May 2015, the Group acquired 70% equity interest of Jinan Huafu Land Co., Ltd., an associate which the Company held 30% equity interest before the acquisition, at a total consideration of RMB400,000,000. Jinan Huafu Land Co., Ltd., became a wholly owned subsidiary of the Company after the acquisition. The transaction has been accounted for as a disposal of investment in associate and an acquisition of subsidiary.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

35. BUSINESS COMBINATION (Continued)

The following table summarises the consideration paid for acquisition of these subsidiaries, the fair value of assets acquired and liabilities assumed at the respective acquisition dates.

	RMB'000
Cash consideration	1,143,756
Fair value of investment in an associate held before business combination	171,429
Total consideration	1,315,185
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	475,943
Prepayments	10,523
Trade and other receivables	320,548
Income tax recoverable	142,615
Property, plant and equipment (note 7)	20,994
Intangible assets(note 7)	8,824
Properties under development	1,949,830
Trade and other payables	(142,033)
Receipt in advance from customers	(1,611,137)
Current income tax liabilities	(83,917)
Deferred tax liabilities (note 21)	(1,220)
Borrowings (note 20)	(59,449)
Total identifiable net assets	1,031,521
Non-controlling interest	(115,069)
Identifiable net assets acquired	916,452
Goodwill (note 7)	398,733

The acquired businesses contributed revenues of RMB1,169,005,000 and net profit of RMB163,082,000 to the Group for the period from the respective acquisition dates to 30 June 2015. If the acquisitions had occurred on 1 January 2015, consolidated revenue and consolidated profit for the six months ended 30 June 2015 would have been RMB78,150,108,000 and RMB13,401,104,000 respectively.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

36. SUBSEQUENT EVENT

From 2 July 2015 to 31 July 2015, the Company repurchased an aggregate of 1,150,616,000 of its own shares at a consideration of HK\$5,471,517,000 (equivalent to approximately RMB4,317,178,000). The shares were cancelled after the repurchase.

On 7 July 2015, a subsidiary of the Company issued 5.30%, four-year PRC corporate bonds with an aggregated principal amount of RMB6,800,000,000 and 6.98%, seven-year PRC corporate bonds with an aggregated principal amount of RMB8,200,000,000.

On 14 July 2015, the Group acquired 100% equity interests in certain wholly-owned subsidiaries of Chinese Estate Holding Limited at a consideration of HK\$6,500,000,000. These entities own interests in properties and land use rights in Chengdu, the PRC.