



中國恒大集團

CHINA EVERGRANDE GROUP

China Evergrande Group

中國恒大集團

(incorporated in the Cayman Islands with limited liability)

Stock Code: 3333



2016 INTERIM REPORT



1996-2016
恒大集团20周年



CORE COMPETENCE

First - class scale

First - class brands

First - class team





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BOARD OF DIRECTORS AND COMMITTEES

CHAIRMAN OF THE BOARD OF DIRECTORS

Professor Hui Ka Yan

EXECUTIVE DIRECTORS

Dr. Xia Haijun
Mr. Pan Darong
Ms. He Miaoling
Mr. Xu Wen
Mr. Huang Xiangui

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*)
Professor Hui Ka Yan
Ms. Xie Hongxi

NOMINATION COMMITTEE

Professor Hui Ka Yan (*Chairman*)
Mr. He Qi
Mr. Chau Shing Yim, David

AUTHORISED REPRESENTATIVES

Professor Hui Ka Yan
Mr. Fong Kar Chun, Jimmy

CORPORATE AND SHAREHOLDER INFORMATION

HEAD OFFICE

43rd Floor, Evergrande Center
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

China CITIC Bank Corporation Limited
Industrial and Commercial Bank of China Limited
China Minsheng Banking Corp., Ltd.
Agricultural Bank of China Limited
Bank of China Limited
China Bohai Bank Co., Ltd.
PingAn Bank Co., Ltd.
China Everbright Bank Company Limited
Postal Savings Bank of China Co., Ltd.
Bank of Communications Co., Ltd.
China Development Bank Corporation
Industrial Bank Co., Ltd.
Shengjing Bank Co., Ltd.
Bank of Shanghai Co., Ltd.
Huaxia Bank Co., Ltd.
China Construction Bank Corporation
China Merchants Bank Co., Ltd.
Bank of Jinzhou Co., Ltd.
China Guangfa Bank Co., Ltd.
Shanghai Pudong Development Bank Co., Ltd.
Bank of Jiujiang Co., Ltd.
ZheShang Bank Co., Ltd.
Chinese Mercantile Bank

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

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

300,000,000 US\$8.00% Senior Notes due 2019
Common Code: 134452056
ISIN: XS1344520561

INVESTOR RELATIONSHIP

For enquiries, please contact:
Investor Relationship Department
Email: evergrandelR@evergrande.com
Telephone: (852) 2287 9211/2287 9226/2287 9225

FINANCIAL CALENDAR

Announcement of interim results: 30 August 2016

CHAIRMAN'S STATEMENT

BUSINESS REVIEW

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

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

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

Land Reserves

Solid plans for first and second-tier cities for higher sustainable profitability. In order to capture development opportunities, the Group had carried out further optimization of the regional layout of residential projects and replenishment of selected quality land reserves. In the first half of 2016, the Group acquired quality land reserves in a prudent manner without compromising financial soundness. As of the end of the period, the total gross floor area of the Group's land reserves was 186 million square meters, representing an increase of 29.86 million square meters, or approximately 19.0%, as compared with the end of the 2015.

CHAIRMAN'S STATEMENT (CONTINUED)

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

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

Contracted Sales

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

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

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

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



CHAIRMAN'S STATEMENT (CONTINUED)

PROPERTY DEVELOPMENT

Commitment to the rational arrangement on construction work and emphasis on matching with sales and completion.

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

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

Financial Resources

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

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

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

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

Diversified Operations

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

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

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

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

CHAIRMAN'S STATEMENT (CONTINUED)

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

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

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

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

BUSINESS OUTLOOK

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

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

Land Reserves

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



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 on reviewing the result of contracted sales on a monthly basis and adjust the sales strategy in a timely and flexible manner. In the second half of the year, there will be around 96 new residential projects available for sale, locating in regions such as Shanghai, Shenzhen, Chongqing, Jinan, Wuhan, Harbin, Taiyuan, Nanning, Hefei, Changchun, Dalian, Xiamen, Xinxiang and Dongguan, etc. The Group proposes to capitalize on market timing and selectively develop new projects for sale in accordance with overall market needs. Apart from this, the Group also has further arrangement on sales of commercial premises, which is expected to effectively supplement the contracted sales of the entire year. With regard to pricing strategy, the Group will maintain a balance between the selling price and sales volume and aim to elevate sales performance in a flexible and practical manner. Given the remarkable sales performance in the first half of 2016, the RMB43.01 billion contracted sales for July 2016 which was a record high for a single month of both the Group and the industry, that 92.4% of the RMB200.0 billion total contract sales target for 2016 had been achieved in the first seven months, together with its exceptional execution capability and product strength, the Group has upwardly adjusted such goal to RMB300.0 billion. The Board is confident that the Group can outperform its full-year contract sales target of RMB300.0 billion.

Financial Capital

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

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

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

ACKNOWLEDGEMENT

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

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

Hong Kong, 30 August 2016

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL PERFORMANCE

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

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

REVENUE

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

GROSS PROFIT

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

FAIR VALUE GAIN ON INVESTMENT PROPERTIES

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

LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

SELLING AND MARKETING COSTS

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

ADMINISTRATIVE EXPENSES

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

BORROWINGS

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

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

A portion of the borrowings were secured by pledge of the property and equipment, land use rights, investment properties, properties under development, completed properties held for sale, cash at bank and the equity interests of certain subsidiaries of the Group at an average effective interest rate of 8.46% per annum (2015H1: 9.94%).

FOREIGN EXCHANGE EXPOSURE

The Group's business is principally conducted in Renminbi. A significant portion of residential and investment properties are located in Mainland China. However, there are approximately 20% of borrowings denominated in foreign currencies, such as US\$, HK\$ and etc.

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

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

LIQUIDITY

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

LAND RESERVES

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

No.	Name of Projects	City (Prefecture-level)	Area (square meters)	Total Gross Floor Area (square meters)	Total Area of Land Reserve	Proportion of shareholding as of 30 June 2016
Liaoning Province						
24	Evergrande City Lights Dalian	Dalian	32,068	128,400	128,400	100.00%
25	Evergrande Left Bank Riverfront Shenyang	Shenyang	299,669	599,338	599,338	100.00%
Shaanxi Province						
26	Evergrande Royal Dragon Bay Xi'an	Xi'an	158,644	237,966	237,966	100.00%
Jiangsu Province						
27	Evergrande Dragon Garden Nanjing	Nanjing	72,434	123,137	123,137	100.00%
28	Evergrande Left Bank Riverfront Xuzhou	Xuzhou	124,945	284,077	284,077	95.00%
29	Suzhou Industrial New Zone	Suzhou	84,300	168,500	168,500	100.00%
30	Evergrande Scenic View Garden Changzhou	Changzhou	58,625	205,187	205,187	100.00%
31	Evergrande Royal View Garden Yancheng	Yancheng	259,015	518,030	518,030	100.00%
Guizhou Province						
32	Evergrande Royal View Garden Guiyang	Guiyang	230,172	1,201,295	1,051,195	100.00%
33	Evergrande Golden Sun City Guiyang	Guiyang	2,152,684	3,134,069	2,793,139	100.00%
Anhui Province						
34	Evergrande Crystal International Plaza Hefei	Hefei	89,158	270,943	270,943	50.40%
Hunan Province						
35	Evergrande Royal View Garden Huaihua	Huaihua	334,623	501,925	501,925	60.00%
36	Evergrande Emerald Court Xiangtan	Xiangtan	143,199	715,997	613,881	60.00%
37	Evergrande Royal View Splendor Changsha	Changsha	298,042	536,476	536,476	51.00%
38	Evergrande Financial Plaza Changsha	Changsha	49,397	348,434	306,495	60.00%
39	Evergrande Royal View Garden Huaihua Chenzhou	Chenzhou	121,668	365,004	320,804	65.00%
40	Changsha Huangxing Road North Project	Changsha	56,622	198,178	198,178	51.00%
41	Evergrande Palace Zhuzhou	Zhuzhou	199,995	599,984	599,984	60.00%
42	Evergrande Oasis Yueyang	Yueyang	120,153	364,525	364,525	65.00%
Guangxi Zhuang Autonomous Region						
43	Evergrande Bay Guilin	Guilin	67,304	121,148	121,148	100.00%
44	Evergrande Palace Liuzhou	Liuzhou	132,394	436,900	436,900	100.00%
45	Evergrande Atrium Nanning	Nanning	62,906	138,394	138,394	100.00%
46	Evergrande Scenic View Garden Nanning	Nanning	44,633	178,531	178,531	100.00%
47	Evergrande Atrium Liuzhou	Liuzhou	150,045	750,223	750,223	100.00%

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

No.	Name of Projects	City (Prefecture-level)	Area (square meters)	Total Gross Floor Area (square meters)	Total Area of Land Reserve	Proportion of shareholding as of 30 June 2016
Henan Province						
48	Evergrande Emerald Court Xuchang	Xuchang	62,556	233,361	233,361	100.00%
49	Evergrande Mansion Zhengzhou	Zhengzhou	72,590	181,474	181,474	100.00%
50	Evergrande Atrium Zhengzhou	Zhengzhou	43,312	129,936	129,936	100.00%
51	Evergrande Royal Scenic Peninsula Pingdingshan	Pingdingshan	79,702	141,978	141,978	64.00%
52	Evergrande Future City Zhengkai	Kaifeng	735,757	2,657,100	2,657,100	51.00%
Jiangxi Province						
53	Evergrande Palace Nanchang	Nanchang	61,456	184,369	184,369	100.00%
54	Evergrande Bay Jiujiang	Jiujiang	107,429	236,343	236,343	60.00%
55	Evergrande Royal Garden Ganzhou	Ganzhou	91,917	183,834	183,834	100.00%
Hebei Province						
56	Evergrande Scenic Garden Xingtai	Xingtai	334,588	831,451	831,451	58.00%
57	Evergrande Emerald Court Handan	Handan	74,703	261,461	261,461	100.00%
Hainan Province						
58	Evergrande Elissa Haikou	Haikou	1,865,094	1,983,577	1,747,657	100.00%
59	Evergrande First Palace Sanya	Sanya	86,033	370,587	370,587	100.00%
60	Evergrande Royal Seaview Garden	Lingshui Li Autonomous County	299,415	245,461	245,461	100.00%
Shandong Province						
61	Evergrande Golden Beach Qingdao	Qingdao	335,790	429,771	429,771	100.00%
62	Evergrande Palm Islands Dongying	Dongying	373,637	445,576	313,080	100.00%
63	Evergrande City Jinan	Jinan	83,180	311,410	311,410	100.00%
Jilin Province						
64	Evergrande First Palace Changchun	Changchun	188,431	395,705	395,705	100.00%
Ningxia Hui Autonomous Region						
65	Evergrande Royal View Garden Yinchuan	Yinchuan	89,312	178,624	178,624	100.00%
Zhejiang Province						
66	Evergrande Crystal International Plaza Hangzhou	Hangzhou	174,165	399,802	399,802	100.00%
Fujian Province						
67	Evergrande Oasis Longyan	Longyan	70,459	242,544	242,544	100.00%
68	Evergrande Royal Scenic Nanping	Nanping	112,002	224,000	224,000	100.00%
69	Evergrande Royal Scenic Quanzhou	Quanzhou	147,283	194,597	194,597	100.00%
70	Evergrande City Fuqing	Fuzhou	126,506	348,404	348,404	100.00%
71	Evergrande Scenic Garden Fuzhou	Fuzhou	133,333	201,043	201,043	100.00%
72	Evergrande Scenic Garden Wuyishan	Nanping	99,694	52,862	52,862	100.00%

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

No.	Name of Projects	City (Prefecture-level)	Area (square meters)	Total Gross Floor Area (square meters)	Total Area of Land Reserve	Proportion of shareholding as of 30 June 2016
Heilongjiang Province						
73	Evergrande Royal Garden Harbin	Harbin	103,000	288,400	288,400	100.00%
74	Evergrande Atrium Harbin	Harbin	31,765	149,798	149,798	87.00%
75	Evergrande Royal Scenic Qiqihar	Qiqihar	25,924	77,760	77,760	100.00%
76	Evergrande Grand Century Harbin	Harbin	61,933	123,866	123,866	100.00%
77	Evergrande International Center Harbin	Harbin	47,420	156,486	156,486	100.00%
78	Evergrande Grand Splendor Harbin	Harbin	72,763	87,315	87,315	100.00%
79	Evergrande Harmonious City Harbin	Harbin	30,405	69,932	69,932	100.00%
Xinjiang Uyghur Autonomous Region						
80	Evergrande Oasis Urumchi	Urumchi	57,467	143,667	143,667	100.00%
Total for new projects			16,413,346	34,882,810	33,613,729	
New Land Expansion Projects in 2016						
1	Expansion Land of Evergrande City Liuzhou	Liuzhou	77,573	193,933	193,933	100%
2	Expansion Land of Evergrande Splendor Chongqing (Phase III)	Chongqing	162,969	292,997	292,997	100%
3	Expansion Land of Evergrande Splendor Xinxiang (Phase III)	Xinxiang	182,380	335,409	335,409	100%
4	Expansion Land of Ocean Flower Island (Phase IX)	Danzhou	1,531,762	5,864,641	5,864,641	100%
/	Expansion Land of Ocean Flower Island (Phase X)	Danzhou	324,137	324,137	324,137	100%
5	Huilai Project Zhangjiakou (Second batch of Phase I)	Zhangjiakou	381,580	763,160	763,160	100%
6	Expansion Land of Evergrande Royal View Garden Nanyang (Phase II)	Nanyang	35,499	70,998	70,998	100%
7	Evergrande The Coronation Putian	Putian	196,445	208,231	208,231	100%
8	Expansion Land of Evergrande Emerald Court Qiqihar	Qiqihar	43,864	131,500	131,500	100%
9	Changchun Qianjin Road Project	Changchun	54,394	108,788	108,788	100%
10	Evergrande Scenic Garden Zhengzhou (114 mu of post-Phase I)	Zhengzhou	76,129	83,740	83,742	51%
11	Expansion Land of Evergrande Scenic Garden Wuqing	Tianjin	202,502	299,700	299,700	100%
12	Expansion Land of Evergrande Central Square Chengdu	Chengdu	15,892	71,514	71,514	100%
Total for new land reserve			19,698,472	43,631,558	42,362,478	

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

CONTRACTED SALES

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

Regional distribution of contracted sales for the period

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

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

PROPERTY DEVELOPMENT

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

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

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

CORPORATE SOCIAL RESPONSIBILITY

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

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

INVESTORS RELATIONS

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

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

AWARDS

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

HUMAN RESOURCES

As at 30 June 2016, the Group had a total of 79,665 employees, of which approximately 90% are graduates with bachelor's degree or above in property development or construction, forming a team of young, highly educated and high quality personnel. During the first half of the year, the Group recruited 30,089 management and technical talents through open recruitment and 208 fresh graduates from top 10 colleges and universities such as Beijing University and Tsinghua University had successively joined the Group.

The Group firmly believes that people are the most important corporate resources, and has been adhering to a people-oriented human resources development strategy. This has helped the Group create a harmonious working environment and positive interaction between the Group and its staff. As at 30 June 2016, the total staff cost of the Group (including directors' remuneration) was approximately RMB6.08 billion (2015H1: approximately RMB5.28 billion).



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 six months ended 30 June 2016 were as follows:

Name of grantee	Date of grant	Exercise price (HK\$)	Exercise period	Number of share options				Outstanding as at 30 June 2016
				Outstanding as at 1 January 2016	Granted during the period	Exercised during the period	Lapsed during the period	
Xia Haijun	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	1,000,000	NA	1,000,000	NA	NA
	9 October 2014	3.05	Note 3	10,000,000		2,000,000		8,000,000
Xu Wen	9 October 2014	3.05	Note 3	8,000,000		NA		8,000,000
Huang Xiangui	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	56,027,000	NA	1,260,000	NA	54,767,000
	9 October 2014	3.05	Note 3	331,211,000	NA	6,050,000	1,600,000	323,561,000
Total				526,573,000		10,310,000	1,600,000	514,663,000

Notes:

1. The options granted on 18 May 2010 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;
 - (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.

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

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

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

DEBENTURE

For the six months ended 30 June 2016, 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 2016, 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)	74.28%
Tse Wai Wah	Beneficial owner	3,000,000	0.02%

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

Name of Director	Outstanding share option as at 30 June 2016	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	8,000,000	9 October 2014 (Note 1)	3.05
Xu Wen	8,000,000	9 October 2014 (Note 1)	3.05
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:

- The exercise period is from 9 October 2015 to 8 October 2024.
- 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\$	10,000,000	1,000,000,000
Tse Wai Wah	CNY	1,500,000	3,700,000,000

Save as disclosed above, as at 30 June 2016, 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 2016, 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)	74.28%
Xin Xin (BVI) Limited	Beneficial owner	9,370,871,497 (L)	68.49%
Yaohua Limited	Interest of controlled corporation	791,248,238 (L)	5.78%
Even Honour Holdings Limited	Beneficial owner	791,248,238 (L)	5.78%

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

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

- (1) On 29 February 2016, the Company, through a subsidiary, has acquired on the market an aggregate of 324,090,500 overseas listed shares of RMB1.00 each in the issued share capital of 盛京銀行股份有限公司 (Shengjing Bank Co. Ltd.) ("**Shengjing Bank**"), representing approximately 5.59% of the total issued share capital of Shengjing Bank for a consideration of HK\$3,891.6 million.
- (2) On 21 April 2016, Evergrande Real Estate Group (Nanchang) Co., Limited, an indirect wholly owned subsidiary of the Company and a 50% shareholder in Evergrande Life Insurance Company Limited ("**Evergrande Life**") has contributed in aggregate RMB9.0 billion to the capital reserve of Evergrande Life.
- (3) On 24 April 2016, the Group has acquired from Zhejiang Commercial Group Co., Ltd., Zhejiang Guoda Group Co., Ltd. and Hangzhou Iron & Steel Group Company an aggregate of 952,292,202 shares of 嘉凱城集團股份有限公司 (Calxon Group Holdings Co. Ltd.) ("**Calxon Group**"), representing approximately 52.78% of the total issued share capital of Calxon Group at an aggregate consideration of RMB3,609,187,445.58.
- (4) On 28 April 2016, the Company, through a wholly-owned subsidiary has entered into agreements with five domestic shareholders of Shengjing Bank in relation to the acquisition of 1,001,680,000 ordinary shares of RMB1.00 in the issued share capital of Shengjing Bank at an aggregate consideration of RMB10,016,800,000.
- (5) On 6 May 2016, Bridgefield International Limited, a wholly-owned subsidiary of the Company as the transferor, Great Captain Limited as the transferee, and the Company and Chinese Estates Holdings Limited as the guarantors entered into an agreement, pursuant to which Bridgefield International Limited will sell the 577,180,500 overseas listed shares of RMB1.00 each in the issued share capital of Shengjing Bank it held to Great Captain Limited at an aggregate consideration of HK\$6,926,166,000.

Save as disclosed above, the Group did not have any material acquisition or disposal for the six months ended 30 June 2016.

INTERIM DIVIDEND

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

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

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

During the six months ended 30 June 2016, the Company repurchased an aggregate of 127,665,000 shares from the market. All the repurchased shares have been cancelled. The Directors believe that the repurchases of shares would lead to an enhancement of the net value of the Group and its assets and/or its earnings per share. Details of the repurchases of the shares of the Company are as follows:

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

On 11 January 2016, the Company issued 8% senior notes due 2019 with a principal amount of US\$300 million. The notes are listed and traded on the Singapore Stock Exchange.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2016.

MODEL CODE FOR SECURITIES TRANSACTIONS CONDUCTED BY THE DIRECTORS

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

CORPORATE GOVERNANCE

The Company has been in compliance with all code provisions of the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2016.

REVIEW OF INTERIM REPORT BY AUDIT COMMITTEE

The unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2016 has been reviewed by PricewaterhouseCoopers in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The Audit Committee comprises three members who are all independent non-executive Directors, namely, Mr. Chau Shing Yim, David, Mr. He Qi and Ms. Xie Hongxi. Mr. Chau Shing Yim, David, who has appropriate professional qualifications and experience in accounting matters, is the chairman of the Audit Committee. The Audit Committee of the Board has reviewed the Group's interim results for the six months ended 30 June 2016, and discussed with the Company's management regarding review, internal control and other relevant matters.

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	30 June 2016 (Unaudited) RMB million	31 December 2015 (Audited) RMB million
ASSETS			
Non-current assets			
Property, plant and equipment	7	20,009	16,720
Land use rights	7	4,670	3,625
Investment properties	7	121,632	97,146
Properties under development	8	157	248
Trade and other receivables	10	15,909	10,730
Prepayments	11	8,546	1,038
Intangible assets	7	521	372
Investments accounted for using the equity method	12	13,791	8,580
Available-for-sale financial assets	13	3,074	2,595
Deferred income tax assets		3,463	2,752
Goodwill	7	885	885
		192,657	144,691
Current assets			
Inventories		1,491	1,311
Properties under development	8	415,098	329,610
Completed properties held for sale	9	83,307	54,118
Trade and other receivables	10	37,765	21,708
Prepayments	11	46,472	37,137
Income tax recoverable		6,563	4,131
Financial assets at fair value through profit or loss	14	4,559	307
Restricted cash	15	93,755	60,932
Cash and cash equivalents	16	118,248	103,090
		807,258	612,344
Total assets		999,915	757,035
EQUITY			
Equity attributable to shareholders of the Company			
Share capital and premium	17	963	971
Other reserves	18	10,701	7,637
Retained earnings		35,484	42,398
		47,148	51,006
Perpetual capital instruments	19	116,002	75,737
Non-controlling interests		18,898	15,399
		182,048	142,142
Total equity		182,048	142,142

CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

	Note	30 June 2016 (Unaudited) RMB million	31 December 2015 (Audited) RMB million
LIABILITIES			
Non-current liabilities			
Borrowings	20	208,509	138,162
Other payables	21	6,099	2,481
Deferred income tax liabilities		33,244	17,569
		247,852	158,212
Current liabilities			
Borrowings	20	172,752	158,744
Trade and other payables	21	250,706	191,309
Receipt in advance from customers		118,977	83,061
Current income tax liabilities		27,580	23,567
		570,015	456,681
Total liabilities		817,867	614,893
Total equity and liabilities		999,915	757,035
Net current assets		237,243	155,663
Total assets less current liabilities		429,900	300,354

The notes on pages 33 to 68 form an integral part of these interim consolidated financial information.

Director

Director

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Six months ended 30 June	
		2016 (Unaudited) RMB million	2015 (Unaudited) RMB million
Revenue	6	87,498	77,743
Cost of sales	23	(62,728)	(55,673)
Gross profit		24,770	22,070
Fair value gains on investment properties	7	3,283	5,534
(Loss)/gain on financial assets at fair value through profit or loss	14	(425)	2,481
Other income	22	1,875	1,217
Selling and marketing costs	23	(8,029)	(5,300)
Administrative expenses	23	(3,664)	(2,977)
Other operating expenses	23	(1,620)	(539)
Operating profit		16,190	22,486
Finance costs, net	24	(1,782)	(607)
Share of (losses)/profits of investments accounted for using the equity method	12	(71)	39
Profit before income tax		14,337	21,918
Income tax expenses	25	(7,210)	(8,632)
Profit for the period		7,127	13,286
Other comprehensive income			
<i>Item that may be reclassified to profit or loss</i>			
Change in value of available-for-sale financial assets		468	(13)
Share of other comprehensive income of investments accounted for using the equity method		(197)	—
Currency translation differences		175	—
		446	(13)
Total comprehensive income for the period		7,573	13,273
Profit attributable to:			
Shareholders of the Company		2,017	9,427
Holders of perpetual capital instruments		4,220	2,611
Non-controlling interests		890	1,248
		7,127	13,286

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	Note	Six months ended 30 June	
		2016 (Unaudited) RMB million	2015 (Unaudited) RMB million
Total comprehensive income attributable to:			
Shareholders of the Company		2,463	9,414
Holders of perpetual capital instruments		4,220	2,611
Non-controlling interests		890	1,248
		7,573	13,273
Earnings per share for profit attributable to shareholders of the Company for the period (expressed in RMB per share)			
— Basic earnings per share	26	0.147	0.626
— Diluted earnings per share	26	0.145	0.617
Dividends	27	—	—

The notes on pages 33 to 68 form an integral part of these interim consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders of the Company							
	Share capital	Share premium	Reserves	Retained earnings	Total	Perpetual capital instruments	Non-controlling interests	Total equity
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
	million	million	million	million	million	million	million	million
Unaudited:								
Balance as at 1 January 2016	971	—	7,637	42,398	51,006	75,737	15,399	142,142
Comprehensive income								
Profit for the period	—	—	—	2,017	2,017	4,220	890	7,127
Other comprehensive income								
Change in value of available-for-sale financial assets	—	—	468	—	468	—	—	468
Share of other comprehensive income of investments accounted for using the equity method	—	—	(197)	—	(197)	—	—	(197)
Currency translation differences	—	—	175	—	175	—	—	175
Total comprehensive income	—	—	446	2,017	2,463	4,220	890	7,573
Transactions with owners:								
Transfer to statutory reserves	—	—	3,073	(3,073)	—	—	—	—
Issuance of ordinary shares pursuant to share option scheme	1	31	(7)	—	25	—	—	25
Employee share option schemes	—	—	46	—	46	—	—	46
Repurchase of shares of the Company	(9)	(31)	9	(659)	(690)	—	—	(690)
Dividends	—	—	—	(5,199)	(5,199)	—	(42)	(5,241)
Issuance of perpetual capital instruments	—	—	—	—	—	49,285	—	49,285
Redemption of perpetual capital instruments	—	—	—	—	—	(10,924)	—	(10,924)
Distribution to holders of perpetual capital instruments	—	—	—	—	—	(2,316)	—	(2,316)
Changes in ownership interests in subsidiaries without change of control (note 31)	—	—	(503)	—	(503)	—	(1,606)	(2,109)
Capital injection from non-controlling interests	—	—	—	—	—	—	851	851
Acquisition of subsidiaries (note 32)	—	—	—	—	—	—	125	125
Non-controlling interests arising on business combination (note 33)	—	—	—	—	—	—	3,378	3,378
Disposal of subsidiaries	—	—	—	—	—	—	(97)	(97)
Total transactions with owners	(8)	—	2,618	(8,931)	(6,321)	36,045	2,609	32,333
Balance as at 30 June 2016	963	—	10,701	35,484	47,148	116,002	18,898	182,048

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Attributable to shareholders of the Company					Perpetual capital instruments	Non- controlling interests	Total equity
	Share capital	Share premium	Reserves	Retained earnings	Total			
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Unaudited:								
Balance as at 1 January 2015	1,021	—	5,849	44,250	51,120	52,852	8,406	112,378
Comprehensive income								
Profit for the period	—	—	—	9,427	9,427	2,611	1,248	13,286
Other comprehensive income								
Change in value of available-for-sale financial assets	—	—	(13)	—	(13)	—	—	(13)
Total comprehensive income	—	—	(13)	9,427	9,414	2,611	1,248	13,273
Transactions with owners:								
Transfer to statutory reserves	—	—	1,876	(1,876)	—	—	—	—
Issuance of ordinary shares pursuant to share option scheme	15	763	(219)	—	559	—	—	559
Employee share option schemes	—	—	59	—	59	—	—	59
Proceeds from share placement	50	3,580	—	—	3,630	—	—	3,630
Dividends	—	—	—	(6,732)	(6,732)	—	—	(6,732)
Issuance of perpetual capital instruments	—	—	—	—	—	3,658	—	3,658
Redemption of perpetual capital instruments	—	—	—	—	—	(4,942)	—	(4,942)
Distribution to holders of perpetual capital instruments	—	—	—	—	—	(1,813)	—	(1,813)
Changes in ownership interests in subsidiaries without change of control	—	—	(3)	—	(3)	—	(68)	(71)
Capital injection from non-controlling interests	—	—	—	—	—	—	417	417
Acquisition of subsidiaries	—	—	—	—	—	—	314	314
Non-controlling interests arising on business combination	—	—	—	—	—	—	115	115
Total transactions with owners	65	4,343	1,713	(8,608)	(2,487)	(3,097)	778	(4,806)
Balance as at 30 June 2015	1,086	4,343	7,549	45,069	58,047	52,366	10,432	120,845

The notes on pages 33 to 68 form an integral part of these interim consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2016 (Unaudited) RMB million	2015 (Unaudited) RMB million
Cash flows of operating activities		
Net cash generate from operations	4,947	918
PRC corporate income tax paid	(2,292)	(1,306)
PRC land appreciation tax paid	(3,484)	(1,300)
Interest paid	(11,585)	(8,259)
Net cash used in operating activities	(12,414)	(9,947)
Cash flows of investing activities		
Acquisition of subsidiaries, net of cash acquired (note 33)	(25,992)	(668)
Purchases of property, plant and equipment, investment properties, land use rights and intangible assets	(14,087)	(6,710)
Proceeds from disposal of property, plant and equipment and investment properties	1,187	918
Investments in associates	(46)	—
Proceeds from disposal of an associate	23	—
Investments in joint ventures	(8,348)	(503)
Purchase of available-for-sale financial assets	(7,064)	(491)
Proceeds from disposal of available-for-sale financial assets	1,439	—
Purchase of financial assets at fair value through profit or loss	(4,677)	(1,600)
Proceeds from disposal of financial assets at fair value through profit or loss	—	15,031
Repayment from joint ventures	1,039	717
Cash advances to associates	(411)	(902)
Cash advances to cooperation parties	(883)	—
Prepayments for acquisition of subsidiaries	(5,512)	—
Prepayments for an equity investment (note 11)	(7,147)	—
Interest received	1,133	482
Net cash (used in)/generated from investing activities	(69,346)	6,274

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2016 (Unaudited) RMB million	2015 (Unaudited) RMB million
Cash flows of financing activities		
Proceeds from borrowings	184,288	81,951
Repayment of borrowings	(110,949)	(52,788)
Proceeds from unit holders of consolidated investment entities	3,333	—
Repayment to unit holders of consolidated investment entities	—	(5,620)
Interest paid to unit holders of consolidated investment entities	—	(357)
Proceeds from perpetual capital instruments	49,285	3,658
Redemption of perpetual capital instruments	(10,924)	(4,942)
Distribution to holders of perpetual capital instruments	(2,316)	(1,813)
Proceeds from shares issued	—	3,630
Repurchase of shares	(690)	—
Issuance of ordinary shares pursuant to share option scheme	25	559
Dividend paid to non-controlling interests	(42)	—
Acquisition of equity interest in subsidiaries from non-controlling interests	(2,109)	(71)
Capital injection from non-controlling interests	851	417
Cash advances from joint venture	274	—
Cash advances from associates	37	—
Forward contracts entered into for short-term financing working capital purpose	4,500	—
Cash advances from cooperation parties	6,373	—
Repayment to cooperation parties	(1,868)	(1,782)
Restricted cash pledged for bank borrowings	(23,288)	(10,949)
Net cash generated from financing activities	96,780	11,893
Net increase in cash and cash equivalents	15,020	8,220
Cash and cash equivalents at beginning of period	103,090	29,847
Exchange gain on cash and cash equivalents	138	1
Cash and cash equivalents at end of period	118,248	38,068

The notes on pages 33 to 68 form an integral part of these interim consolidated financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

China Evergrande Group (the “Company”, previously known as Evergrande Real Estate Group Limited), was incorporated in the Cayman Islands on 26 June 2006 as an exempted company with limited liability under the Companies Law, Cap. 22 (2012 Revision as consolidated and revised from time to time) of the Cayman Islands and is engaged in investment holding. The Company and its subsidiaries (the “Group”) are principally engaged in the property development, property investment, property management, property construction, hotel operations, finance business, internet business, health industry business and fast consuming product business in the People’s Republic of China (the “PRC”). The address of its registered office is P.O. Box 309, 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 millions of Renminbi Yuan (“RMB”), unless otherwise stated. The condensed consolidated interim financial information has been approved for issue by the Board of Directors of the Company on 30 August 2016.

These condensed consolidated interim financial information has not been audited.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2016 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim financial reporting”. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

3. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2015, as described in those annual financial statements.

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

3. ACCOUNTING POLICIES (Continued)

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

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

1 Effective for periods beginning on or after 1 January 2017.

2 Effective for periods beginning on or after 1 January 2018.

3 Effective for periods beginning on or after 1 January 2019.

4 Effective date is to be determined by the International Accounting Standard Board.

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

4. 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 2015.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

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 2016, the carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the respective balance sheet dates are as follows:

	30 June 2016 RMB million	31 December 2015 RMB million
Monetary assets		
– HK\$	15,765	5,199
– US\$	9,600	10,865
– Others	24	20
	25,389	16,084
Monetary liabilities		
– HK\$	29,597	20,497
– US\$	73,250	48,349
– Others	47	44
	102,894	68,890

The following table shows the sensitivity analysis of a 2% change in RMB against the relevant foreign currencies. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at the period-end for a 2% change in foreign currency rates. If there is a 2% increase/decrease in RMB against the relevant currencies, the effect of increase/(decrease) in the profit for the year is as follows:

	30 June 2016 RMB million	31 December 2015 RMB million
2% appreciation in RMB against HK\$	207	219
2% depreciation in RMB against HK\$	(207)	(219)
2% appreciation in RMB against US\$	955	579
2% depreciation in RMB against US\$	(955)	(579)

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 for the year ended 31 December 2015.

There have been no changes in the risk management department or in any risk management policies since 2015 year end.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

5. FINANCIAL RISK MANAGEMENT (Continued)

(b) Liquidity risk

Management aims to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of available financing, including proceeds from pre-sale of properties, committed credit facilities, short-term and long-term borrowings and perpetual capital instruments to meet its construction commitments. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate amount of cash and cash equivalents and through having available sources of financing.

To cope with the rapid expansion of the Group's businesses, the Group raised significant amounts of borrowings during the six months ended 30 June 2016. As at 30 June 2016, the Group's total borrowings stood at RMB381,261 million and its gearing ratio achieved at 38.13% (total borrowings divide total assets). During the six months ended 30 June 2016 and the period up to the date of these consolidated financial statements, in order to properly manage the Group's liquidity risk and capital structure, the Group has conducted the following major financing activities:

- The Group issued perpetual capital instruments with the aggregate net proceeds of RMB49,285 million;
- The Group has issued senior notes to raise net funds totaling RMB4,539 million with tenures of 3 years and corporate bonds in the PRC ("PRC bonds") to raise net funds totaling RMB9,940 million with tenures of 4 years to optimise the structure of short-term borrowings and long-term borrowings.

Except for the aforementioned recent developments, the Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include control on investment in land reserve, adjusting project development timetable to adapt the changing local real estate market environment, implementing cost control measures, promotion of sales of completed properties, accelerating sales with more flexible pricing. The Group will pursue such options based on its assessment of relevant future costs and benefits.

The directors of the Company has reviewed the working capital forecast of the Group for the 12 months from 30 June 2016 and are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next 12 months from the date of the consolidated balance sheet.

(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).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

5. FINANCIAL RISK MANAGEMENT (Continued)

(c) Fair value estimation (Continued)

The following table presents the Group's financial asset that are measured at fair value:

	Level 1 RMB million	Level 2 RMB million	Level 3 RMB million	Total RMB million
At 30 June 2016				
Assets				
Available-for-sale financial assets	1,130	886	1,058	3,074
Financial assets at fair value through profit or loss	4,559	—	—	4,559
Total assets	5,689	886	1,058	7,633
At 31 December 2015				
Assets				
Available-for-sale financial assets	287	928	1,380	2,595
Financial assets at fair value through profit or loss	307	-	-	307
Total assets	594	928	1,380	2,902

During the six months ended 30 June 2016, available-for-sale financial assets amounting to RMB879 million (2015: nil) has been transferred from Level 3 into Level 1 of the fair value hierarchy due to the observable quoted price of the equity instruments are available in this period.

Fair value of financial assets and liabilities measured at amortised cost:

The fair value of public senior notes and public PRC Bonds, which is within level 1 of the fair value hierarchy, are as follows:

	30 June 2016	31 December 2015
Senior notes — public	18,786	20,093
PRC bonds — public	21,157	21,306
	39,943	41,399

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 public senior notes and public PRC bonds
- 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. Other businesses mainly include property construction, hotel operations, finance business, internet business, health industry business and fast consuming products business (including production and sales of spring water, grain and edible oil, and dairy). As the CODM of the Group considers most of the revenue and results of the Group are attributable to the market in the PRC, and only an immaterial part (less than 10%) of the Group’s assets are located outside the PRC, no geographical segment information is presented.

The directors of the Company assess the performance of the operating segments based on a measure of segment results. Fair value gain/(loss) on financial assets at fair value through profit or loss, dividend income of available-for-sale financial assets, gain or loss on disposal of available-for-sale financial assets and finance cost and income are not included in the result for each operating segment.

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

The segment results and other segment items included in the condensed consolidated statement of comprehensive income for the six months ended 30 June 2016 are as follows:

	Property development RMB million	Property investment RMB million	Property management services RMB million	Other businesses RMB million	Group RMB million
Gross segment revenue	83,738	312	1,989	8,269	94,308
Inter-segment revenue	—	(54)	(1,296)	(5,460)	(6,810)
Revenue	83,738	258	693	2,809	87,498
Share of post-tax profit of associates	59	—	—	(1)	58
Share of post-tax loss of joint ventures	148	—	—	(277)	(129)
Segment results	13,977	3,495	99	(1,027)	16,544
Loss on financial assets at fair value through profit or loss					(425)
Finance costs, net					(1,782)
Profit before income tax					14,337
Income tax expenses					(7,210)
Profit for the period					7,127
Depreciation and amortisation	406	—	6	498	910
Fair value gains on investment properties	—	3,283	—	—	3,283

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 2015 are as follows:

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

Segment assets as at 30 June 2016 are as follows:

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

6. SEGMENT INFORMATION (Continued)

Segment assets as at 31 December 2015 are as follows:

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

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

Segment assets consist primarily of property, plant and equipment, investment properties, land use rights, intangible assets, goodwill, investments accounted for using equity method, inventories, properties under development, completed properties held for sale, trade and other receivables, prepayments and cash balances. They exclude deferred income 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 million	Land use rights RMB million	Intangible assets RMB million	Investment properties RMB million	Goodwill RMB million	Total RMB million
Six months ended 30 June 2016						
Opening net book amount as at 1 January 2016	16,720	3,625	372	97,146	885	118,748
Additions	2,276	1,132	67	13,152		16,627
Acquisition of subsidiaries (note 33)	1,057	24	97	10,486	—	11,664
Transfer from investment properties	1,310	—	—	(1,310)	—	—
Disposals	(532)	(38)	—	(1,125)	—	(1,695)
Fair value gains on investment properties	—	—	—	3,283	—	3,283
Depreciation and amortisation charge	(822)	(73)	(15)	—	—	(910)
Closing net book amount as at 30 June 2016	20,009	4,670	521	121,632	885	147,717
Six months ended 30 June 2015						
Opening net book amount as at 1 January 2015	15,504	3,388	368	61,857	486	81,603
Additions	1,273	112	26	12,533	—	13,944
Acquisition of subsidiaries	21	—	9	—	399	429
Disposals	(256)	—	—	(452)	—	(708)
Fair value gains on investment properties	—	—	—	5,534	—	5,534
Depreciation and amortisation charge	(631)	(48)	(41)	—	—	(720)
Closing net book amount as at 30 June 2015	15,911	3,452	362	79,472	885	100,082

The Group measures its investment properties at fair value. The fair value of the Group's investment properties as at 30 June 2016 has been determined on the basis of valuation carried out by CB Richard Ellis Limited ("CBRE"), an independent and professionally qualified valuer.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

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

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 2016.

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 2016 RMB million	31 December 2015 RMB million
Properties under development expected to be completed:		
– Within one operating cycle, included under current assets	415,098	329,610
– Beyond one operating cycle, included under non-current assets	157	248
	415,255	329,858
Properties under development comprise:		
– Construction costs and capitalised expenditures	131,184	118,649
– Interest capitalised	34,274	26,889
– Land use rights	249,797	184,320
	415,255	329,858

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 2016 is 8.46% (for the six months ended 30 June 2015: 9.94%).

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

As at 30 June 2016 and 31 December 2015, the fair value of trade and other receivables approximated their carrying amounts.

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

10. TRADE AND OTHER RECEIVABLES (Continued)

As at 30 June 2016, trade receivables of RMB912 million (31 December 2015: RMB663 million) were past due but not impaired. These accounts are mainly related to a number of customers who did not have a recent history of default, and the Group normally holds collateral or title of the properties before collection of the outstanding balances, the directors of the Company consider that the past due trade receivables would be recovered and no provision was made against past due receivables as at 30 June 2016 (31 December 2015: nil). The aging analysis of these trade receivables is as follows:

	30 June 2016 RMB million	31 December 2015 RMB million
Within 1 year	767	580
Over 1 year	145	83
	912	663

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

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

11. PREPAYMENTS

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	30 June 2016 RMB million	31 December 2015 RMB million
Associates	165	154
Joint ventures	13,626	8,426
	13,791	8,580

The amounts recognised in the income statement are as follows:

	Six months ended 30 June	
	2016 RMB million	2015 RMB million
Share of profits of associates	58	171
Share of losses of joint ventures	(129)	(132)
	(71)	39

Interests in associates

The movements of the interests in associates are as follows:

	Six months ended 30 June	
	2016 RMB million	2015 RMB million
Balance as at 1 January	154	29
Addition	46	—
Disposals	(93)	(185)
Share of post-tax gain of associates	58	171
Balance as at 30 June	165	15

The associates are accounted for using the equity method.

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	
	2016 RMB million	2015 RMB million
Balance as at 1 January	8,426	1,033
Additions (note a)	6,191	503
Disposal	(665)	—
Share of post-tax losses of joint ventures	(129)	(132)
Other comprehensive income	(197)	—
Balance as at 30 June	13,626	1,404

- (a) The Group made an additional injection of RMB6,000 million to Evergrande Life Insurance Co., Ltd. ("Evergrande Life Insurance") during the six months ended 30 June 2016. Pursuant to a shareholder's meeting resolution of Evergrande Life Insurance, all shareholders agreed that the additional injection by the Group is only attributable to the Group.

The joint ventures are accounted for using the equity method.

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

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Six months ended 30 June	
	2016 RMB million	2015 RMB million
At 1 January	2,595	123
Additions	7,064	491
Disposals	(7,209)	—
Net gains/(losses) recognised in equity	624	(17)
	3,074	597

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Continued)

Available-for-sale financial assets include the following:

	Six months ended 30 June	
	2016 RMB million	2015 RMB million
Listed equity securities	1,130	—
Unlisted fund investments	890	597
Unlisted equity securities	1,054	—
	3,074	597

As at 30 June 2016, available-for-sale financial assets are denominated in USD, HKD and RMB.

There were no impairment provisions on available-for-sale financial assets made during the six months ended 30 June 2016 (31 December 2015: nil).

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

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

Changes in fair values of financial assets at fair value through profit or loss are recorded in "(Loss)/gain on financial assets at fair value through profit or loss" in the consolidated statement of comprehensive income.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

15. RESTRICTED CASH

	30 June 2016 RMB million	31 December 2015 RMB million
Denominated in RMB	93,414	60,627
Denominated in other currencies	341	305
	93,755	60,932

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 2016, 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.

16. CASH AND CASH EQUIVALENTS

	30 June 2016 RMB million	31 December 2015 RMB million
Cash at bank and in hand:		
– Denominated in RMB	100,777	88,428
– Denominated in other currencies	17,471	14,662
	118,248	103,090

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

17. SHARE CAPITAL AND PREMIUM

	Number of ordinary shares (Thousands)	Nominal value of ordinary shares US\$ million	Equivalent nominal value of ordinary shares RMB million	Share premium RMB million	Total RMB million
Six months ended 30 June 2016					
Balance as at 1 January 2016	13,798,430	138	971	—	971
Issuance of ordinary shares pursuant to share option scheme	10,310	—	1	31	32
Repurchase of shares (note (a))	(127,665)	(1)	(9)	(31)	(40)
Balance as at 30 June 2016	13,681,075	137	963	—	963
Six months ended 30 June 2015					
Balance as at 1 January 2015	14,589,061	146	1,021	—	1,021
Issuance of ordinary shares pursuant to share option scheme	250,719	3	15	763	778
Proceeds from share placement	820,000	8	50	3,580	3,630
Balance as at 30 June 2015	15,659,780	157	1,086	4,343	5,429

- (a) During the six months ended 2016, the Company repurchased an aggregate of 127,665,000 shares of its own shares through the Stock Exchange, at a total consideration of HK\$822 million (equivalent to approximately RMB690 million).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

18. RESERVES

	Merger reserve RMB million (note (a))	Other reserves RMB million	Statutory reserves RMB million (note (b))	Employee share option reserve RMB million (note (c))	Capital redemption reserve RMB million	Translation reserve RMB million	Total RMB million
Six months ended 30 June 2016							
Balance at 1 January 2016	(986)	926	7,287	176	234	—	7,637
Transfer to statutory reserves	—	—	3,073	—	—	—	3,073
Changes in ownership interests in subsidiaries without change of control (note 31)	—	(503)	—	—	—	—	(503)
Employee share option schemes (note (c))	—	—	—	46	—	—	46
Issuance of ordinary shares pursuant to share option scheme	—	—	—	(7)	—	—	(7)
Change in value of available-for-sale financial assets	—	468	—	—	—	—	468
Share of other comprehensive income of investments accounted for using the equity method	—	(197)	—	—	—	—	(197)
Repurchase of shares of the Company	—	—	—	—	9	—	9
Currency translation differences	—	—	—	—	—	175	175
Balance at 30 June 2016	(986)	694	10,360	215	243	175	10,701
Six months ended 30 June 2015							
Balance at 1 January 2015	(986)	953	5,435	332	115	—	5,849
Transfer to statutory reserves	—	—	1,876	—	—	—	1,876
Changes in ownership interests in subsidiaries without change of control	—	(3)	—	—	—	—	(3)
Employee share option schemes	—	—	—	59	—	—	59
Issuance of ordinary shares pursuant to share option scheme	—	—	—	(219)	—	—	(219)
Change in value of available-for-sale financial assets	—	(13)	—	—	—	—	(13)
Balance at 30 June 2015	(986)	937	7,311	172	115	—	7,549

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

18. RESERVES (Continued)

(a) Merger reserve

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 net profit 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 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 2016	
Balance at 1 January 2016	526,573,000
Exercised during the period	(10,310,000)
Lapsed during the period	(1,600,000)
Balance at 30 June 2016	514,663,000
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)

19. PERPETUAL CAPITAL INSTRUMENTS

During the period, certain wholly owned subsidiaries of the Company (the “issuers”) issued subordinated perpetual capital instruments with the aggregate proceeds of RMB49,285 million.

The perpetual capital instruments issued by the Company are unsecured, the perpetual capital instruments issued by subsidiaries are jointly guaranteed by the Company and holding companies of these subsidiaries and secured by pledges of the shares of these subsidiaries. There is no maturity of the instruments and the payments of distribution can be deferred at the discretion of the Company, and there is not any limits as to the number of times of deferral of distribution, except for when the issuers or the Company elects to declare dividends to their shareholders, the Group shall make distribution to the holders of perpetual capital instruments at the distribution rate as defined in the subscription agreement. The perpetual capital instruments are callable.

20. BORROWINGS

	30 June 2016 RMB million	31 December 2015 RMB million
Borrowings included in non-current liabilities:		
Bank borrowings	136,598	96,760
Senior notes (note (a))	21,119	19,854
PRC corporate bonds (Note (b))	49,536	39,549
Other borrowings (note (c))	91,472	78,535
	298,725	234,698
Less: current portion of non-current borrowings	(90,216)	(96,536)
	208,509	138,162
Borrowings included in current liabilities:		
Bank borrowings	60,218	29,939
Other borrowings (note (c))	22,318	32,269
Current portion of non-current borrowings	90,216	96,536
	172,752	158,744
Total borrowings	381,261	296,906
The total borrowings are denominated in the following currencies:		
RMB	294,117	241,876
US dollar	72,637	47,798
HK dollar	14,460	7,187
Others	47	45
	381,261	296,906

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

20. BORROWINGS (Continued)

(a) Senior notes

On 19 January 2011, the Company issued 9.25%, five-year senior notes with an aggregated principal amount of RMB3,700 million at 100% of the face value, the senior notes were mature and repaid in January 2016.

On 31 October 2013, the Company issued 8.75%, five-year senior notes with an aggregated principal amount of US\$1,000 million (equivalent to approximately RMB6,141 million) 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 million (equivalent to approximately RMB3,071 million) at 100% of the face value.

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

On 11 January 2016, the Company issued 7.80%, three-year senior notes with an aggregated principal amount of US\$400 million (equivalent to approximately RMB2,625 million) at 100% of the face value, and issued 8.00%, three-year senior notes with an aggregated principal amount of US\$300 million (equivalent to approximately RMB1,969 million) at 100% of the face value.

Among the above, senior notes of US\$2,800 million are listed on the Singapore Exchange Limited, senior notes of US\$400 million are non-public notes.

(b) PRC corporate bonds

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

On 7 July 2015, a subsidiary of the Company issued 5.30%, four-year public PRC bonds with an aggregated principal amount of RMB6,800 million and 6.98%, seven-year PRC bonds with an aggregated principal amount of RMB8,200 million at 100% of the face value.

On 16 October 2015, a subsidiary of the Company issued 7.38%, five-year non-public PRC bonds with an aggregated principal amount of RMB17,500 million and 7.88%, five-year PRC bonds with an aggregated principal amount of RMB2,500 million at 100% of the face value.

On 11 January 2016, a subsidiary of the Company issued 6.98%, four-year non-public PRC bonds with an aggregated principal amount of RMB10,000 million at 100% of the face value.

Among the above, PRC corporate bonds of RMB20,000 million are listed on the Shanghai Stock Exchange.

(c) 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

20. BORROWINGS (Continued)

Movements of borrowings are analysed as follows:

	Six months ended 30 June	
	2016 RMB million	2015 RMB million
Balance as at 1 January	296,906	156,065
Additions of borrowings	184,288	81,951
Acquisition of subsidiaries (note 33)	9,379	59
Repayments of borrowings	(110,949)	(52,788)
Amortisation of issuance costs	65	28
Exchange losses/(gains)	1,572	(27)
Balance as at 30 June	381,261	185,288

21. TRADE AND OTHER PAYABLES

	30 June 2016 RMB million	31 December 2015 RMB million
Trade payables	142,529	132,517
Other payables	99,861	54,465
Dividend payables	5,241	—
Payroll payable	982	1,498
Accrued expenses	5,952	3,488
Other taxes payable	2,240	1,822
	256,805	193,790
Less: non-current portion of other payables	(6,099)	(2,481)
	250,706	191,309

The aging analysis of trade payables is as follows:

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

22. OTHER INCOME

	Six months ended 30 June	
	2016 RMB million	2015 RMB million
Interest income from bank deposits	1,133	482
Forfeited customer deposits	134	82
Gain on disposal of property, plant and equipment and investment properties	57	210
Others	551	443
	1,875	1,217

23. EXPENSES BY NATURE

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

	Six months ended 30 June	
	2016 RMB million	2015 RMB million
Cost of properties sold	55,946	49,243
Employee benefit expenditure – including directors' emoluments	6,079	5,280
Less: capitalised in properties under development, investment properties under construction and construction in progress	(1,991)	(1,486)
Employee benefit expenses	4,088	3,794
Business tax and other levies	4,131	4,392
Advertising and promotion expenses	5,012	2,605
Sales commissions	427	545
Depreciation of property, plant and equipment	822	631
Amortisation of land use rights and intangible assets	88	89
Operating lease expenses	199	86
Donations	1,124	123

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

24. FINANCE COST, NET

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

25. INCOME TAX EXPENSES

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

25. INCOME TAX EXPENSES (Continued)

Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (2012 Revision as consolidated and revised from time to time) of the Cayman Islands and accordingly, is exempted from Cayman Islands income tax. The group companies in the British Virgin Islands were incorporated under the International Business Companies Act of the British Virgin Islands and accordingly, are exempted from British Virgin Islands income tax.

Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2015: 16.5%) on the estimated assessable profit for the current period in respect of operations in Hong Kong.

PRC corporate income tax

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate of 25% (six months ended 30 June 2015: 25%) on the estimated assessable profits for the period, based on the existing legislation, interpretations and practices in respect thereof.

PRC withholding income tax

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

PRC land appreciation tax

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

26. 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.

27. DIVIDENDS

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

28. FINANCIAL GUARANTEES

	30 June 2016 RMB million	31 December 2015 RMB million
Guarantees in respect of mortgage facilities for certain purchasers of the Group's property units (note(a))	181,104	141,591
Guarantees for borrowings of independent third parties having continuous business relationship with the Group (note(b))	2,986	3,448
	184,090	145,039

- (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 independent third parties having continuous business relationship with the Group (mainly construction companies), to obtain borrowings after assessing the credit history of these independent third parties. The Group closely monitors the repayment progress of the relevant borrowings by these independent third parties. The directors consider that the likelihood of default in payments is minimal and therefore the financial guarantees measured at fair value is immaterial.

29. COMMITMENTS

(a) Operating leases commitments

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

	30 June 2016 RMB million	31 December 2015 RMB million
Property, plant and equipment:		
Not later than one year	431	117
Later than one year and not later than five years	927	349
Later than five years	101	12
	1,459	478

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

29. COMMITMENTS (Continued)

(b) Commitments for property development expenditure

	30 June 2016 RMB million	31 December 2015 RMB million
Contracted but not provided for		
— Property development activities	82,225	79,519
— Acquisition of land use rights	31,584	20,899
— Acquisition of subsidiaries	1,700	41,525
— Equity investment	2,700	—
	118,434	141,943

30. 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
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
Evergrande Life Insurance Co., Ltd. 恒大人壽保險有限公司	Joint venture of the Group
Beijing Beiheng Zhonghui Education Technology Co., Ltd. 北京北恒中慧教育科技有限公司	Joint venture of the Group

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

30. RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties

During six months ended 30 June 2016 and 2015, 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	
	2016 RMB million	2015 RMB million
Nature of transaction		
Associates		
Sales of goods to associates	6	15
Provision of services to associates	12	—
Joint ventures		
Provision of services to joint ventures	4	9
Rental income from joint ventures	3	1
Advertisement service fee charged by joint ventures	127	22
Purchase of goods from a joint venture	5	7
Loan interest charged by a joint venture	79	—

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

30. RELATED PARTY TRANSACTIONS (Continued)

(c) Balances with related parties

As at 30 June 2016 and 31 December 2015, the Group had the following significant non-trade balances with related parties:

	30 June 2016 RMB million	31 December 2015 RMB million
Due from related parties		
Included in trade and other receivables (note (i))		
— Associates	986	575
— Joint ventures	648	1,687
	1,634	2,262
Due to related parties		
Included in trade and other payables (note (i))		
— Associates	738	701
— Joint ventures	872	598
	1,610	1,299
Included in borrowings (note (ii))		
— A joint venture	2,700	—
	4,310	1,299

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

Note (ii): The balances are borrowings in nature, which are secured, carry interest rate at 10.02% per annum and repayable according to respective loan agreements.

(d) Others

During the six months ended 30 June 2016, a subsidiary of the Group issued perpetual capital instruments with a principal amount of RMB300 million to a joint venture of the Group, carry annual distribution rate at 12.5%, the profit attributable to holder of perpetual capital instruments for the period is approximately RMB8 million.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

30. RELATED PARTY TRANSACTIONS (Continued)

(e) 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	
	2016 RMB million	2015 RMB million
Salaries and other employee benefits	197	106

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

During the six months ended 30 June 2016, the Group acquired certain equity interests of certain subsidiaries from non-controlling shareholders at a total consideration of RMB2,109 million. The difference between consideration paid and the carrying amount of equity interests acquired amounting to RMB503 million deducted the equity attributable to owners of the Company.

32. ACQUISITION OF SUBSIDIARIES

During the six months ended 30 June 2016, the Group acquired controlling interests of certain property development companies in the PRC at consideration totalling approximately RMB983 million. 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 RMB125 million.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

33. BUSINESS COMBINATION

During the six months ended 30 June 2016, the Group acquired controlling interests of certain property development and property investment companies in the PRC and Hong Kong to increase its land reserve and optimise its regional layout. These companies have conducted substantial operation before they were acquired by the Group. Thus, the directors are of the view that the acquisitions constitute acquisition of business.

(i) Acquisition of subsidiaries from New World Development (China) Limited

During the six months ended 30 June 2016, the Group acquired certain project development companies from New World Development (China) Limited at total considerations of RMB20,210 million.

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

	RMB million
Cash consideration	20,210
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	1,117
Property, plant and equipment	1,049
Land use rights	24
Investment properties	1,731
Deferred income tax assets	6
Inventories	4
Properties under development	29,891
Completed properties held for sale	872
Trade and other receivables	2,120
Prepayments	683
Borrowings	(1,264)
Trade and other payables	(4,877)
Receipt in advance from customers	(3,605)
Deferred income tax liabilities	(4,309)
Total identifiable net assets	23,442
Non-controlling interest	(3,232)
Identifiable net assets acquired	20,210
Goodwill	—

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

33. BUSINESS COMBINATION (Continued)

(ii) Acquisition of subsidiaries from Chow Tai Fook Enterprises Limited

During the six months ended 30 June 2016, the Group acquired certain project development companies from Chow Tai Fook Enterprises Limited at total considerations of RMB12,500 million.

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

	RMB million
Cash consideration	12,500
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	517
Property, plant and equipment	3
Deferred income tax assets	19
Properties under development	19,758
Trade and other receivables	1,533
Prepayments	88
Trade and other payables	(1,748)
Receipt in advance from customers	(883)
Deferred income tax liabilities	(6,641)
Total identifiable net assets	12,646
Non-controlling interest	(146)
Identifiable net assets acquired	12,500
Goodwill	—

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

33. BUSINESS COMBINATION (Continued)

(iii) Acquisition of Pioneer Time Investment Limited

In January 2016, the Group acquired 100% equity interest of Pioneer Time Investment Limited, which is engaged in property investment in Hong Kong, at a consideration of RMB8,700 million.

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

	RMB million
Cash consideration	8,700
Recognised amounts of identifiable assets acquired and liabilities assumed	
Investment properties	8,755
Prepayments	4
Receipt in advance from customers	(44)
Current income tax liabilities	(1)
Deferred income tax liabilities	(14)
Total identifiable net assets	8,700
Non-controlling interest	—
Identifiable net assets acquired	8,700
Goodwill	—

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

33. BUSINESS COMBINATION (Continued)

(iv) Other acquisitions

During the six months ended 30 June 2016, except for the aforementioned acquisitions, the Group also acquired certain property development companies at total considerations of RMB8,421 million.

The following table summarises the considerations paid for acquisition of these property development companies, the fair value of assets acquired and liabilities assumed at the acquisition dates.

	RMB million
Cash consideration	7,686
Fair value of investments in a joint venture and an associate held before business combination	735
Total consideration	8,421
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	718
Property, plant and equipment	5
Intangible assets	97
Properties under development	22,361
Trade and other receivables	2,869
Prepayments	162
Borrowings	(8,115)
Trade and other payables	(3,329)
Receipt in advance from customers	(2,332)
Current income tax liabilities	(53)
Deferred income tax liabilities	(1,391)
Total identifiable net assets	10,992
Non-controlling interest	—
Identifiable net assets acquired	10,992
Goodwill	—

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

33. BUSINESS COMBINATION (Continued)

Reconciliation of total cash considerations of business combinations and cash outflow on acquisitions is as follows:

Cash considerations	49,096
Prepaid in prior year	(1,047)
Considerations deferred	(25,934)
Cash and cash equivalents acquired	(2,352)
Payment for business combinations conducted in the period	19,763
Payment for business combinations conducted in prior year	6,229
Total cash outflow on acquisitions	25,992

Acquisition-related costs of RMB11 million have been charged to administrative expenses in the consolidated statement of comprehensive income for the six months ended 30 June 2016.

No contingent liability has been recognised for the business combination.

The acquired businesses contributed revenues of RMB1,598 million and net profit of RMB81 million to the Group for the period from the respective acquisition dates to 30 June 2016. If the acquisitions had occurred on 1 January 2016, consolidated revenue and consolidated profit for the period would have been RMB99,058 million and RMB8,203 million respectively.

34. SUBSEQUENT EVENTS

Reference to the announcement made by the Company on 24 April 2016, the Group had entered into an agreement to acquire 952,292,202 shares of a China A-Share company, Calxon Group Limited ("Calxon Group"), which represented approximately 52.78% of the existing issued shares of Calxon Group, at an aggregate consideration of RMB3,609 million. The transaction was completed in August 2016.

In July and August 2016, the Group has purchased an aggregate of 752,663,291 shares of a China A-Share company, China Vanke Co., Ltd ("Vanke"), which represented approximately 6.82% of the existing issued shares capital of Vanke, at an aggregate consideration of RMB14,570 million.