



恒大地產集團®

EVERGRANDE REAL ESTATE GROUP

Evergrande Real Estate Group Limited

恒大地產集團有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code: 3333



Interim Report 2010





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Board of Directors and Committees

CHAIRMAN OF THE BOARD OF DIRECTORS

Hui Ka Yan

EXECUTIVE DIRECTORS

Xia Haijun (*Vice Chairman and Chief Executive Officer*)

Li Gang (*Vice Chairman and Executive Vice President*)

Tse Wai Wah

Xu Xiangwu

Xu Wen

Lai Lixin

He Miaoling

INDEPENDENT NON-EXECUTIVE DIRECTORS

Yu Kam Kee, Lawrence

Chau Shing Yim, David

He Qi

AUDIT COMMITTEE

Chau Shing Yim, David (*Chairman*)

Yu Kam Kee, Lawrence

He Qi

REMUNERATION COMMITTEE

Hui Ka Yan (*Chairman*)

Yu Kam Kee, Lawrence

He Qi

NOMINATION COMMITTEE

Hui Ka Yan (*Chairman*)

He Qi

Chau Shing Yim, David

AUTHORISED REPRESENTATIVES

Hui Ka Yan

Fong Kar Chun, Jimmy



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COMPANY SECRETARY

Fong Kar Chun, Jimmy, Solicitor in Hong Kong SAR

AUDITOR

PricewaterhouseCoopers

PRINCIPAL BANKERS

Industrial and Commercial Bank of China Limited
Agricultural Bank of China Limited
China Construction Bank Corporation
Bank of China Limited
China Everbright Bank Limited
China CITIC Bank Corporation Limited
China Minsheng Bank Limited
Bohai Bank Limited
Bank of Communications Ltd
Shanghai Pudong Development Bank Co., Ltd

SHAREHOLDER INFORMATION

Listing Information

The shares of the Company are listed in The Stock Exchange of Hong Kong Limited ("Stock Exchange")

The senior notes of the Company are quoted in the Singapore Exchange Securities Trading Limited ("Singapore Stock Exchange")

SECURITY CODE

Stock

HKEX: 3333

Senior Notes

Singapore Stock Exchange Short Name:

Evergrande13% 150127A, Evergrande13% 150127R

Abbreviated Name: EVERN15A, EVERN15R

ISIN Code: US300151AA58, USG3225AAA19

INVESTOR RELATIONS

For enquiries, please contact:

Investor Relation department

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FINANCIAL CALENDAR

Announcement of interim results: 30 August 2010



Chairman's Statement

Dear shareholders,

I am glad to present the interim results of Evergrande Real Estate Group Limited ("Evergrande" or the "Company") and its subsidiaries (the "Group") for the six months ended 30 June 2010.

During the period, the revenue and gross profit of the Group were RMB20.37 billion and RMB4.95 billion, a year-on-year growth of 1,142.0% and 800.0% respectively. Net profit increased by 380.8% to RMB2.50 billion. Profit attributable to shareholders amounted to approximately RMB2.33 billion, a year-on-year increase of 366.0%. Net profit excluding the gain arising from the revaluation of investment properties and the reversals for financial guarantees increased by 1,193.3% to RMB1.94 billion. Basic earnings per share amounted to RMB0.16, a year-on-year increase of 300%. This was the best historical record of the Group on the same year-on-year basis for all of the above financial indicators.

BUSINESS REVIEW

Since 2010, the complicated and ever changing domestic and international macro-economic environment as well as a series of control measures imposed by the PRC government on the real estate sector drove the real estate market in China into another phase of adjustment. Uncertainties in policies and market fluctuations have further accelerated the depth and extent of adjustment in the market. Market environment has turned "wait and see" and the market is at a stalemate.

Under such a complex and complicated policies and market environment, the Group adhered to the philosophy of "new starting point, new concept, new thinking, new standard". The operation model for standardization of premier residential units was further optimized. Centralised management was strengthened. Opportunities were proactively identified and captured. Substantial growth was recorded for numerous performance indicators. The Group achieved contracted sales amount of approximately RMB20.98 billion for the period, a year-on-year growth of 104.9%. The aggregate gross floor area (the "GFA") of contracted sales was approximately 3.34 million square meters, a year-on-year growth of 54.7% and ranked first in the PRC¹. Revenue of RMB20.37 billion was recorded, of which the revenue from property development segment was RMB20.25 billion, representing an increase of 1,259.0% from the corresponding period last year. Total cash (including cash and cash equivalent and restricted cash) of the Group amounted to RMB18.49 billion as at the end of the period, representing an increase of 28.6% from the end of 2009. The GFA of our land reserve was approximately 72.38 million square meters, and the average cost of land reserve was approximately RMB519 per square meter. The land premium payable during the second half of 2010 will be approximately RMB6.54 billion. There are approximately 23.06 million square meters of saleable area under construction.

Large land reserve of quality and low cost reinforced our leading position in the industry. The Group swiftly captured the valuable opportunities arising from the fall in land premium during the period. On the basis of prudent financial policy and sufficient cash flow, the Group continued to acquire land reserve of quality and low cost through flexible and diversified means. During the period, we acquired 26 parcels of land for our land reserve with GFA of approximately 22.21 million square meters, covering 21 cities with growth potential in Shanghai, Tianjin, Chengdu, Taiyuan, Shenyang, Jinan, Changchun and Zhongshan. Of which, 20 are at second- and third-tier cities. The cost of land reserve acquired during the period was approximately RMB738 per square meter.

As at 30 June 2010, the GFA of the Group's land reserve was approximately 72.38 million square meters, covering 36 major cities in China. There were 73 projects in total. The average cost of the land reserve was approximately RMB519 per square meter, relatively low compared with other developers in the industry. It is the firm belief of the Board of Directors (the "Board") that the Group has proactively captured suitable opportunities through leveraging its consistent and forward looking land

¹ Source of information: Sales ranking of real estate enterprises in the PRC for the first half of 2010 jointly published by China Real Estate Information Group and China Real Estate Testing and Evaluation Centre



reserve strategies. Land cost was under effective control while a considerable amount of quality land was acquired. The Group successfully established our brands in the second- and third-tier cities and regions in China with considerable potential for growth at relatively low costs. These second- and third-tier cities and regions are also less affected by the macro-economic control measures. With enormous room for development in these second- and third-tier cities and regions, the demand for residential units was strong and the potential growth is enormous. Our land reserve strategies allowed us to benefit from the rapid growth of the economy in China and capture the opportunities which arises from urbanization acceleration.

Contracted sales amount reached new heights and was the best historical record on the same year-on-year basis. Contract sales area for the period ranked 1st in the PRC, and was one of the few enterprises that achieved this encouraging performance in such a sluggish property market. Under the stringent macro-economic control environment, the Group insisted on further expansion into second- and third-tier cities. With products of premium and value featuring “real landscape, fine decoration and completed on site property”, we continued to achieve excellent results in the sluggish property market, supported by flexible and practical pricing strategies. In particular, faced with the successive and stringent control policies, the Group was ahead of our peers and was the first to start sales promotion throughout China on the basis of maintaining a reasonable profit margin. The Group newly launched 6.01 million square meters available for pre-sale during the period, of which approximately 55.6% became recognised contracted sales. 9 projects locating in second- and third-tier cities including Changsha, Hefei, Shijiazhuang, Nanchang, Taiyuan, Tianjin and Chengdu were launched into the market. There were in aggregate 41 projects for sale in 21 cities in China.

As of 30 June 2010, the Group achieved contracted sales amounted to approximately RMB20.98 billion in aggregate, a year-on-year growth of 104.9%. The aggregate GFA of contracted sales were 3.34 million square meters, a year-on-year growth of 54.7%. The average selling price was RMB6,282 per square meter, a year-on-year increase of 32.5%. Approximately 89.3% of the contracted sales amount were derived from second- and third-tier cities such as Changsha, Chongqing, Taiyuan, Chengdu, Wuhan and Shenyang. We have a comprehensive range of products covering high-end, mid- to mid-high-end, and tourism-related properties. Contracted sales were evenly distributed across various regions. With a diversified product mix and products of quality highly appreciated by our customers, our abilities to mitigate market risk were further strengthened. All of the above mentioned laid a solid foundation for our rapid and healthy development.

Area under construction was 23.06 million square meters. The scale and the pace of construction were both leading in the industry. During the period, the Group devoted its efforts consistently to standardize its operation, and continued to implement the rapid development model. A number of projects were launched into the market within 6 months after the land was acquired. The total amount of properties delivered was RMB20.25 billion, representing a year-on-year increase of 1,259.0%. As to 67 projects under construction, 41 projects obtained pre-sale permits. As to the area of approximately 23.06 million square meters under construction, 6.96 million square meters had obtained pre-sale permits. There were 32 projects pending for sale. We are thus well prepared for a next phase that will generates revenue from the delivery of properties and contracted sales. In addition, 80.6% of the Group's projects under construction have a planned total GFA of over 500,000 square meters. These measures are beneficial to the Group's scalable and rolling development in different phase, and will bring sustainable and healthy contracted sales and profit to the Group.

Premium standardized supply chain was further enriched through continuous expansion of the premium strategic alliance. Cost advantages were enhanced. The Group continued to optimize and extend its premium standardized supply chain. Through consolidating and expanding the premium strategic alliance, centralized tendering and bidding as well as centralized procurement were strengthened so as to exercise further control over costs and enhance our products value. During the period, the number of cooperation partners in the Group's premium strategic alliance increased from more than 200 entities to over 300 entities, which continued to consolidate the foundation of premium standardized operation through a premium strategic alliance covering the whole real estate industry. From project planning and design, construction of main structure, landscape building to decorative construction materials, the Group only selectively collaborated with domestic and international renowned construction enterprises and suppliers. At the same time, various costs of design, construction and purchasing were reduced upon achievement of economies of scale from large scale development and construction. The Group's premium standardized operation established a remarkable reputation in the property market and hence the Group achieved excellent results despite the adverse market conditions.



Prudent financial management policy of “Cash is king” was adopted. Market opportunities were captured in a forward-looking manner and facilitated diversification of financing channels. The Group has consistently applied prudent financial management, which adopted forward-looking strategies in order to maintain sufficient cash flow and to ensure safety of funding. During the period, the Group accurately predicted future trends in the international capital markets, macro-economic control policies and tightening of monetary supply in the PRC as well as appreciation of the Renminbi. Two tranches of 13% senior notes were issued in the international capital markets and the Company raised US\$1.35 billion. Parts of the proceeds were applied to fully repay the structured secured loan of the Group of approximately US\$290 million which was originally due in October 2010. The Group's financing channels were further enriched, which improved and optimized the debt structure of the Group and rationalized the ratio of its long and short term debts. As at the end of the period, the Group had a total (including cash and cash equivalents and restricted cash) of RMB18.49 billion in cash, representing an increase of 28.6% from the end of 2009. The Group had a total debt of RMB25.27 billion and the unutilized bank facilities were RMB25.24 billion. The Group had contracted sales amount of RMB20.98 billion and contracted sales receivables were approximately RMB5.79 billion. The Group has abundant working capital. The stable financial management policy and adequate financial resources enhanced the healthy and rapid growth of the Group's businesses.

BUSINESS OUTLOOK

It is the opinion of the Board that during the second half of 2010, the real estate market in China will continue to face a relatively complicated policy and market environment. There may be temporary and segmental fluctuations in the real estate market while the industry as a whole will remain steady. Despite the fluctuations, the economy of China will continue to grow. Given the accelerating urbanization in China and the Board does not expect there will be significant changes to the fundamental strong demand for residential units in the cities, the Board remains confident as to the mid- and long-term development of the industry. It is also the belief of the Board that the new round of macro-economic measures imposed by the PRC government will facilitate the adjustment of the property prices in certain popular regions to more reasonable levels. This will maintain the steady development of the industry. The control measures will also provide additional unprecedented development opportunities for enterprises with solid foundation and expertise.

LAND RESERVE

The Group will continue to put emphasis on those cities in the PRC with high growth, and those regions with beautiful scenarios, good city planning, well developed transportation networks and great potential for rise in price. A large land reserve of high quality and at low costs will be obtained through flexible and diversified means. The Group will focus on development of projects in second- and third-tier cities. On the basis of consolidating our existing shares in real estate markets in different cities, we will selectively enter into third-tier cities that are maturely developed. This, in turn, will strengthen the Group's national coverage. Meanwhile, in order to promote diversification of our business, the Group also plans to selectively capture opportunities and explore investment property projects on the basis of maintaining strong cash flow and reasonable profitability.

CONTRACTED SALES

The contracted sales of the Group's projects throughout China were promising during the first half of 2010. As at 30 June 2010, the Group's contracted sales fulfilled 58% of its original full year target. The Group therefore adjusted its 2010 annual target of contracted sales to RMB40 billion on 12 July 2010, representing approximately a 30% increase from the total contracted sales amount recorded in 2009 and was 20% higher than that set at the beginning of the year. During the second half of 2010, the Group will launch additional new projects, devote more efforts to promote new products, as well as launch more products of higher value under the premises of reasonable emphasis to both efficiency in growth and quality. We will adopt flexible and practical sales strategies and continue to expand our market share.



FINANCIAL RESOURCES

The Group will continue to maintain steady financial management policies and exercise tight control over costs. We will commit to maintain ratio at a reasonable level. As of 30 June 2010, the Group's net debt ratio (the ratio of net borrowings¹ to total equity) was 43.3%. The total land premium for the Group's existing land reserve of 72.38 million square metres amounted to RMB37.56 billion, of which RMB23.94 billion had been paid, and approximately RMB13.62 billion is outstanding. Of which, approximately RMB6.54 billion, approximately RMB5.96 billion and approximately RMB1.12 billion will be payable within the second half of 2010, 2011 and 2012 respectively. As to the construction costs, the Group had paid approximately RMB8.80 billion during the first half of the year. During the second half of the year, apart from assuring product quality, measures will be taken to reasonably control the construction costs. It is the firm belief of the Group that by leveraging an abundant cash reserve and strong return in contracted sales, the funding requirements for the steady operation of the Group will be ensured.

PROSPECT

The Board believes that the Group is facing an era of unprecedented evolution and leap forward development which is also faced by the economy and real estate market in China. We will continue to adhere to the development philosophy of "new starting point, new concept, new thinking, new standard", insist on our centralized management model and place emphasis on team building. By leveraging our forward-looking strategies, a considerable land reserve of quality at low costs, substantial development capabilities, enriched experiences in sales and marketing, strong brand and financial strength, the Group will continue to reinforce its leading position in premium real estate through standardized operation in China and will continue to make its best endeavors to stay ahead and bring greater value to the public and its shareholders.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to extend my wholehearted gratitude to all of our shareholders, investors and business partners for their tremendous trust and support as well as those of the concerted effort of all our loyal staff for their contribution to the steady growth of the Group.

Hui Ka Yan
Chairman

Hong Kong, 30 August 2010

¹ Net borrowings equals to total borrowings after deducting cash and cash equivalents and restricted cash.



Management Discussion and Analysis

OVERALL PERFORMANCE

The Group recorded a revenue of RMB20.37 billion (corresponding period of 2009: RMB1.64 billion), representing a year-on-year growth of 1,142.0%. Gross profit amounted to RMB4.95 billion (corresponding period of 2009: RMB545 million), representing an increase of 800.0% compared with corresponding period last year. Profit attributable to shareholders was RMB2.33 billion (corresponding period of 2009: RMB500 million), representing an increase of 366.0% compared with corresponding period last year. Basic earnings per share were RMB0.16 (corresponding period of 2009: RMB0.04), representing a year-on-year increase of 300.0%.

Equity attributable to shareholders as of 30 June 2010 were RMB15.19 billion (31 December 2009: RMB12.86 billion), an increase of 18.1% from the end of last year. Equity attributable to shareholders per share was RMB1.01 (31 December 2009: RMB0.86), an increase of 17.4% from the end of last year. As at 30 June 2010, the Group had total assets of RMB79.42 billion (31 December 2009: RMB63.07 billion), representing a year-on-year growth of 25.9%.

REVENUE

Revenue of the Group for the period amounted to RMB20.37 billion, a growth of 1,142.0% compared with the corresponding period of last year, of which revenue generated from property development segment amounted to RMB20.25 billion, representing a year-on-year growth of 1,259.0%. Revenue generated from property management services was RMB54.1 million, representing an annual growth of 21.0% compared with the corresponding period last year. Income from investment properties was RMB22.2 million, representing an increase of 79.0% from the corresponding period last year. Revenue generated from engineering construction and other business amounted to RMB40.5 million, a decrease of RMB47.4 million from the corresponding period last year.

GROSS PROFIT

Gross profit of the Group amounted to RMB4.95 billion, an increase of 800.0% compared with the corresponding period of last year, which was mainly due to a remarkable increase in the area of properties delivered during the period. Gross profit margin was 24.3%, down approximately 9.1% compared with the corresponding period last year, which was mainly due to the acceleration of the pace to achieve a national coverage, more diversified product composition, and the Group's sales in the proportion of projects outside Guangdong Province that were of lower profit margins were increased, while the proportion of projects in Guangdong Province was higher in 2009.

SELLING AND MARKETING COSTS

During the period, selling and marketing costs of the Group rose from RMB415 million for the six months ended 30 June 2009 to RMB798 million, which was principally due to an increase in the number of projects launched, significant expansion in scale and the corresponding increase in nationwide marketing and brand publicity activities. The Group further enhanced its control over selling expenses during the period. Selling and marketing costs accounted for approximately 3.9% of the revenue, representing a decrease of 21.4% when compared with 25.3% for the corresponding period in 2009.

ADMINISTRATIVE EXPENSES

During the period, administrative expenses of the Group increased by RMB193 million to RMB542 million from RMB349 million for the corresponding period in 2009, which was mainly due to our continued expansion of business throughout China and the corresponding increase in the number of employees and their remuneration. The Group further enhanced its control over administrative expenses during the period.



FINANCIAL REVIEW

Borrowings

As of 30 June 2010 the debts of the Group amounted to RMB25.27 billion with the following maturity periods:

	Unaudited As at 30 June 2010		As at 31 December 2009	
	RMB million	percentage of total debts	RMB million	percentage of total debts
Less than 1 year	2,095.0	8.3%	6,359.7	44.9%
1–2 years	4,985.8	19.7%	2,487.9	17.5%
2–5 years	18,042.4	71.4%	5,328.2	37.6%
Over 5 years	150.0	0.6%	—	—
Total	25,273.2	100.0%	14,175.8	100.0%

As at 30 June 2010, RMB16,323.3 million borrowings are denominated by RMB and carry floating rate interests, the remaining RMB8,949.9 million borrowings are denominated by US dollar and carry fixed rate interests.

We have always been emphasising on a stable loan structure. As at 30 June 2010, only approximately 8.3% of the loans had to be repaid within one year. We successfully completed US\$1.35 billion senior note issues, and upon our early repayment of approximately US\$290 million in a structured secured loan due in October 2010, the structure of our borrowings was further optimised. Our total amount of cash and cash equivalents and restricted cash was RMB18.49 billion.

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

Foreign exchange exposure

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

Funds

As at 30 June 2010, the total amount of cash and cash equivalents and restricted cash of the Group amounted to RMB18.49 billion, and together with the unutilised banking facilities of RMB25.24 billion and contracted sales receivables of RMB5.79 billion, the Group has sufficient working capital which provides great financial support for our quest for the best business opportunities and speedy support.

Liquidity Ratio and Gearing Ratio

As of 30 June 2010, the liquidity ratio excluding receipt in advance from customers increased from 3.4 times as at 31 December 2009 to 4.1 times. The quick ratio excluding receipt in advance from customers increased from 1.2 times as at 31 December 2009 to 1.7 times. The Group's total borrowings to total assets ratio was 31.8% as of 30 June 2010 (31 December 2009: 22.5%). Net debt ratio (the ratio of net borrowing to total equity) was 43.3% (31 December 2009: N/A). The stable financial management policy and adequate financial resources ensured the rapid growth of the Group's business.



LAND RESERVE

The Group strictly adhered to its forward-looking land reserve strategy, focused on those densely populated capital cities in China, which has helped the Group to obtain high quality land at low costs. As at 30 June 2010, the Group held land reserve of total GFA of 72.38 million square meters across 36 major cities in the PRC, with total number of projects of 73. The average cost of our land reserve was approximately RMB519 per square meter. Accumulated outstanding land premium was approximately RMB13.62 billion as at 30 June 2010, of which RMB6.54 billion will be required to be settled in the second half of 2010 according to the terms of the relevant contracts.

During the period, leveraging on the good opportunities brought about by the sluggish property market and reduction in land price, the Group acquired 26 parcels of land based on our policies of maintaining healthy financial condition and sufficient cash flow level. Most of the new land was located in second- and third-tier cities, widely distributed in 21 cities in the PRC with great potential of growth (such as Shanghai, Tianjin, Chengdu, Taiyuan, Shenyang, Jinan, Changchun, Zhongshan, etc; which 20 are second- and third-tier cities), adding 22.21 million square meters of GFA to the Group's land bank. Average cost of our new land reserve was approximately RMB738 per square meter during the period.

Regional distribution of the Group's projects

Number of projects located in directly administered municipalities and provincial capitals	57	78.1%
Number of projects not located in provincial capitals or municipalities	16	21.9%
Total	73	100%



The Group's new land reserve during the period

No.	Project	City	Area (sq.m.)	Planned total GFA (sq.m.)	GFA of land reserve (sq.m.)	Attributable equity interests (%)
1	Guangdong Province Evergrande Oasis Zhongshan	Zhongshan	27,764	111,785	111,785	100
2	Chongqing City Evergrande Atrium Chongqing	Chongqing	388,394	1,000,885	1,000,885	100
3	Tianjin City Evergrande Splendor Tianjin (Phase 3)	Tianjin	821,638	276,200	276,200	100
4	Evergrande Oasis Tianjin	Tianjin	870,004	1,165,102	1,165,102	100
5	Hubei Province Evergrande Splendor E'zhou (Phase 2)	E'zhou	977,736	1,152,417	1,152,417	100
6	Evergrande Metropolis Wuhan	Wuhan	375,732	551,470	551,470	100
7	Evergrande Oasis Yichang	Yichang	153,964	504,678	504,678	100
8	Sichuan Province Evergrande Scenic Garden Chengdu	Chengdu	974,663	483,114	483,114	100
9	Evergrande Royal Scenic Peninsula Chengdu	Chengdu	1,060,061	2,491,905	2,491,905	100
10	Liaoning Province Evergrande Metropolis Shenyang	Shenyang	353,066	1,124,641	1,124,641	100
11	Evergrande Palace Shenyang	Shenyang	72,970	203,927	203,927	100
12	Evergrande Oasis Liaoyang	Liaoyang	422,936	1,427,199	1,427,199	100
13	Evergrande Bay Shenyang	Shenyang	217,113	542,782	542,782	100
14	Evergrande Oasis Anshan	Anshan	352,910	1,246,787	1,246,787	100
15	Jiangsu Province Evergrande Metropolis Huaian	Huaian	304,755	918,711	918,711	100
16	Shanxi Province Evergrande Scenic Garden Taiyuan	Taiyuan	342,259	798,299	798,299	85
17	Guizhou Province Evergrande City Guiyang	Guiyang	248,965	921,971	921,971	100
18	Zunyi project, Guizhou	Zunyi	540,573	1,409,770	1,409,770	51
19	Henan Province Evergrande Metropolis Zhengzhou	Zhengzhou	126,730	962,126	962,126	100
20	Xinyang project	Xinyang	323,530	656,750	656,750	55
21	Jiangxi Province Jingdezhen project	Jingdezhen	188,779	527,734	527,734	100
22	Hebei Province Evergrande Atrium Shijiazhuang	Shijiazhuang	171,198	616,286	616,286	58
23	Shandong Province Evergrande Metropolis Jinan	Jinan	134,118	429,026	429,026	100
24	Evergrande Oasis Jinan	Jinan	678,556	1,951,110	1,951,110	100
25	Shanghai City Lujiazui project	Shanghai	32,970	129,648	129,648	84
26	Jilin Province Evergrande Oasis Changchun	Changchun	197,940	610,632	610,632	100
	Total		10,359,324	22,214,955	22,214,955	



List of the land reserve of the Group (as of 30 June 2010)

No.	Project	City	Area (sq.m.)	Planned total GFA (sq.m.)	Area of land reserve (sq.m.)	Attributable equity interests (%)
Guangdong Province						
1	Jinbi Garden No. 2	Guangzhou	69,146	305,722	30,201	100
2	Jinbi Garden No. 3	Guangzhou	145,978	460,323	79,545	100
3	Jinbi Junhong Garden	Guangzhou	36,357	197,013	39,438	100
4	Evergrande Royal Scenic Peninsula	Foshan	543,528	1,059,855	497,250	60
5	Evergrande Scenic Garden	Guangzhou	536,199	751,914	443,354	100
6	Evergrande Oasis Guangzhou	Guangzhou	111,048	484,693	337,622	100
7	Evergrande Metropolis Foshan ¹	Foshan	171,869	861,897	861,897	100
8	Evergrande Splendor Qingyuan	Qingyuan	1,801,408	2,569,803	2,350,756	100
9	Evergrande Oasis Zhongshan	Zhongshan	27,764	111,785	111,785	100
Chongqing Municipality						
10	Evergrande Splendor Chongqing	Chongqing	808,799	813,275	530,861	100
11	Evergrande City Chongqing	Chongqing	316,329	1,167,151	861,825	100
12	Evergrande Palace Chongqing	Chongqing	169,813	378,597	98,897	100
13	Evergrande Oasis Chongqing	Chongqing	91,928	465,752	415,915	100
14	Evergrande Metropolis Chongqing	Chongqing	191,400	841,598	801,117	100
15	Evergrande Atrium Chongqing	Chongqing	388,394	1,000,885	1,000,885	100
Tianjin Municipality						
16	Evergrande Splendor Tianjin	Tianjin	1,675,803	668,478	461,021	100
17	Evergrande Oasis Tianjin	Tianjin	870,004	1,165,102	1,165,102	100
Hubei Province						
18	Evergrande Splendor E'zhou	E'zhou	1,742,809	2,010,674	1,840,612	100
19	Evergrande Palace Wuhan ¹	Wuhan	286,659	564,596	403,428	100
20	Evergrande Oasis Wuhuan	Wuhan	314,901	815,914	722,287	100
21	Evergrande City Wuhan	Wuhan	370,692	849,449	710,855	100
22	Evergrande Metropolis Wuhan	Wuhan	375,732	551,470	551,470	100
23	Evergrande Oasis Yichang	Yichang	153,964	504,678	504,678	100
Sichuan Province						
24	Evergrande Splendor Pengshan	Meishan	1,491,632	1,281,306	1,027,057	100
25	Evergrande Oasis Chengdu	Chengdu	142,145	629,449	344,625	100
26	Evergrande City Chengdu	Chengdu	169,501	698,761	366,968	100
27	Evergrande Scenic Garden Chengdu	Chengdu	974,663	483,114	483,114	100
28	Evergrande Royal Scenic Peninsula Chengdu	Chengdu	1,060,061	2,491,905	2,491,905	100

¹ Evergrande Metropolis Foshan and Area B2 of Evergrande Palace Wuhan are under co-development agreements, in which the Group provided the land use rights whereas the co-developers would contribute to the development costs and manage the projects' developments.



No.	Project	City	Area (sq.m.)	Planned total GFA (sq.m.)	Area of land reserve (sq.m.)	Attributable equity interests (%)
Liaoning Province						
29	Evergrande Oasis Shenyang	Shenyang	602,130	2,291,000	1,938,267	100
30	Evergrande City Shenyang	Shenyang	355,000	887,500	694,219	100
31	Evergrande Metropolis Shenyang	Shenyang	353,066	1,124,641	1,124,641	100
32	Evergrande Palace Shenyang	Shenyang	72,970	203,927	203,927	100
33	Evergrande Oasis Liaoyang	Liaoyang	422,936	1,427,199	1,427,199	100
34	Evergrande Bay Shenyang	Shenyang	217,113	542,782	542,782	100
35	Evergrande Oasis Anshan	Anshan	352,910	1,246,787	1,246,787	100
Shaanxi Province						
36	Evergrande Metropolis Xi'an	Xi'an	78,574	303,816	133,296	100
37	Evergrande Oasis Xi'an	Xi'an	207,175	600,971	468,409	100
38	Evergrande City Xi'an	Xi'an	162,471	734,750	734,750	100
Jiangsu Province						
39	Evergrande Splendor Nanjing	Nanjing	983,033	1,108,766	833,857	100
40	Evergrande Oasis Nanjing	Nanjing	137,097	299,554	147,643	100
41	Evergrande Splendor Qidong	Qidong	5,978,624	11,957,045	11,957,045	100
42	Evergrande Metropolis Huaian	Huaian	304,755	918,711	918,711	100
Yunnan Province						
43	Evergrande Splendor Kunming	Kunming	660,891	918,832	559,036	100
Inner Mongolia Autonomous Region						
44	Evergrande Palace Baotou	Baotou	437,925	1,666,068	1,666,068	100
Shanxi Province						
45	Evergrande Oasis Taiyuan	Taiyuan	691,764	1,848,044	1,524,699	100
46	Evergrande Metropolis Taiyuan	Taiyuan	121,746	493,004	493,004	55
47	Evergrande Scenic Garden Taiyuan	Taiyuan	342,259	798,299	798,299	85
Guizhou Province						
48	Evergrande Oasis Guiyang	Guiyang	146,825	309,918	171,809	100
49	Evergrande City Guiyang	Guiyang	248,965	921,971	921,971	100
50	Zunyi Project, Guizhou	Zunyi	540,573	1,409,770	1,409,770	51
Anhui Province						
51	Evergrande Palace Hefei	Hefei	142,578	510,951	376,279	100
52	Evergrande City Hefei	Hefei	310,929	822,453	822,453	80
Hunan Province						
53	Evergrande Palace Changsha	Changsha	144,978	495,207	363,608	100
54	Evergrande Metropolis Changsha	Changsha	185,376	828,806	645,058	100
55	Evergrande City Changsha	Changsha	268,506	567,157	536,084	85
56	Evergrande Oasis Changsha	Changsha	144,187	747,484	727,661	100
57	Evergrande Atrium Changsha	Changsha	565,210	1,769,205	1,769,205	60



No.	Project	City	Area (sq.m.)	Planned total GFA (sq.m.)	Area of land reserve (sq.m.)	Attributable equity interests (%)
	Guangxi Zhuang Autonomous Region					
58	Evergrande Oasis Nanning	Nanning	341,449	812,911	812,911	100
	Henan Province					
59	Evergrande Oasis Zhengzhou	Zhengzhou	553,669	1,603,324	1,603,324	80
60	Evergrande Metropolis Zhengzhou	Zhengzhou	126,730	962,126	962,126	100
61	Evergrande Oasis Luoyang	Luoyang	892,080	3,164,544	3,164,544	100
62	Xinyang project	Xinyang	323,530	656,750	656,750	55
	Jiangxi Province					
63	Evergrande City Nanchang	Nanchang	976,800	1,529,303	1,529,303	88
64	Evergrande Oasis Nanchang	Nanchang	1,577,389	1,074,355	1,074,355	100
65	Jingdezhen project	Jingdezhen	188,779	527,734	527,734	100
	Hebei Province					
66	Evergrande City Shijiazhuang	Shijiazhuang	245,414	905,979	905,979	100
67	Evergrande Splendor Shijiazhuang	Shijiazhuang	666,667	666,667	666,667	85
68	Evergrande Atrium Shijiazhuang	Shijiazhuang	171,198	616,286	616,286	58
	Hainan Province					
69	Evergrande Oasis Haikou	Haikou	895,841	2,053,356	2,053,356	100
	Shandong Province					
70	Evergrande Metropolis Jinan	Jinan	134,118	429,026	429,026	100
71	Evergrande Oasis Jinan	Jinan	678,556	1,951,110	1,951,110	100
	Shanghai City					
72	Lujiazui project	Shanghai	32,970	129,648	129,648	84
	Jilin Province					
73	Evergrande Oasis Changchun	Changchun	197,940	610,632	610,632	100
	Total		38,222,222	79,633,528	72,384,758	

The Group is of the opinion that, as a great market with such large population and wide coverage in area, the real estate markets in different regions in China are of different development stages and characteristics. With our huge land reserve scattering throughout 36 major cities across the nation, the Group has successfully built a leading position in the real estate market in China. This helps us to capitalize on the advantage of the scale of operation of our standardized operation model of quality properties to reduce operating cost and diversify market risk.

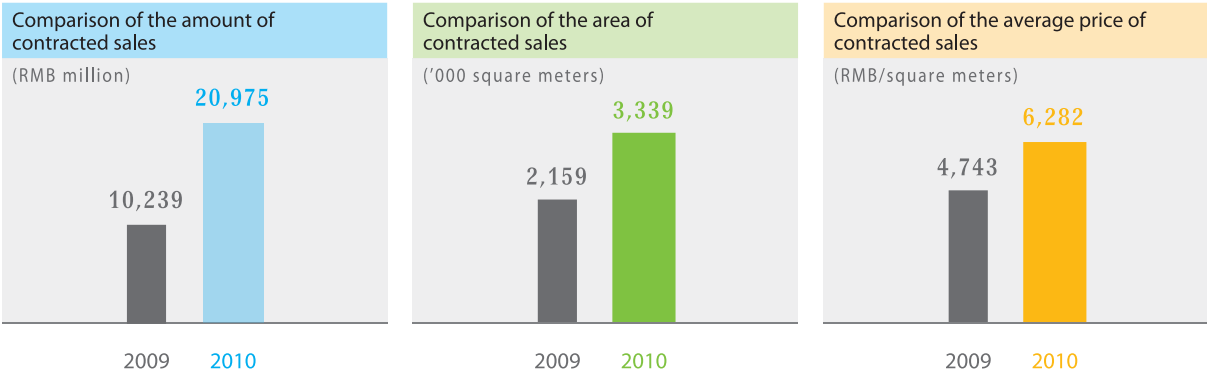
CONTRACTED SALES

The Group has been focusing on the development in second- and third-tier cities. Riding on the high quality of our products and our flexible pricing policy, we were able to achieve good results during the market's downcycle. During the period, the Group commenced presale of 9 new projects in 7 second- and third-tier cities, namely Changsha, Hefei, Shijiazhuang, Nanchang, Taiyuan, Tianjin and Chengdu. Accumulated number of projects for sale was 41, scattered across 21 cities in China.

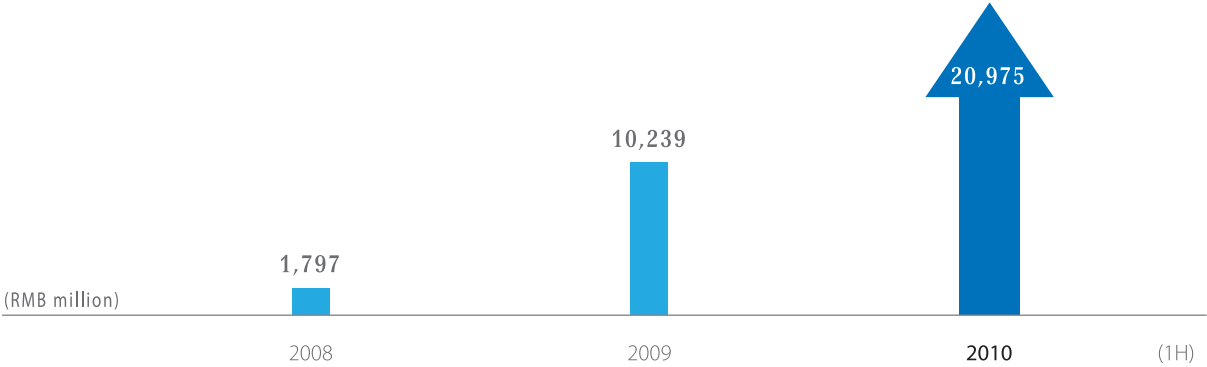


As of 30 June 2010, our accumulated contracted sales was RMB20.98 billion, representing a year-on-year increase of 104.9%. The area of contracted sales was 3.34 million square meters, representing a growth of 54.7%. Average price of our contracted sales was RMB6,282 per square meter, representing a year-on-year increase of 32.5%.

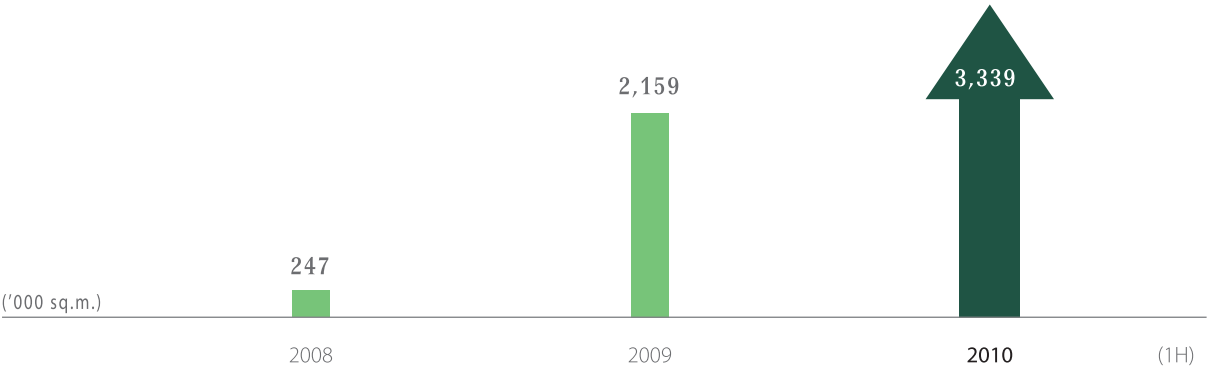
Comparison of contracted sales for the period from January to June 2010 vs the corresponding period of 2009



Growth in contracted sales from 1H 2008 to 1H 2010



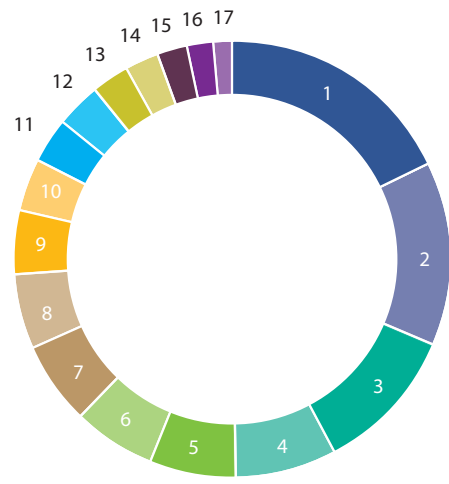
Growth in GFA of contracted sales from 1H 2008 to 1H 2010





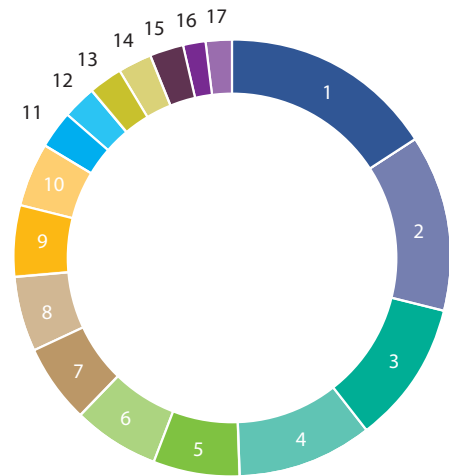
Analysis of the GFA of contracted sales during the period

No.	City	Area sq.m.	Percentage
1	Changsha	599,013	17.9%
2	Chongqing	457,207	13.7%
3	Chengdu and adjacent areas	357,907	10.7%
4	Shenyang	248,002	7.4%
5	Taiyuan	214,188	6.4%
6	Wuhan and adjacent areas	210,453	6.3%
7	Guangdong	202,392	6.1%
8	Hefei	179,623	5.4%
9	Xi'an	157,297	4.7%
10	Shijiazhuang	131,498	3.9%
11	Luoyang	118,531	3.5%
12	Kunming	104,544	3.1%
13	Nanjing	91,963	2.8%
14	Guiyang	85,238	2.6%
15	Baotou	76,287	2.3%
16	Tianjin	63,562	1.9%
17	Nanchang	41,191	1.3%
Total		3,338,896	100.0%



Analysis of the amount of contracted sales during the period

No.	City	Amounts (RMB million)	Percentage
1	Changsha	3,351.2	16.0%
2	Chongqing	2,747.9	13.1%
3	Guangdong	2,237.4	10.7%
4	Chengdu and adjacent areas	2,084.5	9.9%
5	Taiyuan	1,340.2	6.4%
6	Shenyang	1,332.4	6.3%
7	Wuhan and adjacent areas	1,212.7	5.8%
8	Shijiazhuang	1,162.1	5.5%
9	Hefei	1,161.7	5.5%
10	Xi'an	980.5	4.7%
11	Tianjin	563.6	2.7%
12	Luoyang	538.4	2.6%
13	Nanjing	524.2	2.5%
14	Baotou	518.2	2.4%
15	Kunming	473.8	2.3%
16	Guiyang	392.9	1.9%
17	Nanchang	353.9	1.7%
Total		20,975.6	100.0%



89.3% of the Group's contracted sales recorded during the first half of this year were derived from second- and third-tier cities such as Changsha, Chongqing, Taiyuan, Chengdu, Wuhan and Shenyang. As China covers an extensive area, the phases and the respective features for the real estate market in different regions are not the same. The development in the second- and



third-tier cities commenced at a relatively later stage. However, as the progress in urbanization is accelerating, there will be an increasing number of property buyers that acquire properties for their own residential use. The price of real estate is fundamentally on an upward moving trend. The above factors have brought an unprecedented opportunity for further expansion throughout China. It is expected that during the second half of this year, the Group will further tap into the second- and third-tier cities for acquisition of land reserve at lower costs. More efforts will also be devoted to further expand our construction capabilities.

PROPERTY DEVELOPMENT

Since the founding of the Group, we have always insisted on implementing a forward looking strategy, so as to develop our businesses rapidly and steadily. In particular, during recent years, by leveraging on unprecedented opportunities in the rapid development of the real estate industry in China, we have adopted a standard operation model of exquisite properties in general, and strategically moved ahead of our peers into the second- and third-tier cities in China. Efforts were devoted by the Group to launch products with high added value, and the Group has achieved leap forward progresses both in scale and brand. Notwithstanding the sluggish property market environment during the second quarter of this year, the Group persistently pursued excellence, and achieved breakthrough in different aspects including development scale as well as contracted sales. Our position as the leader in standard operation model of exquisite properties was further consolidated.

At the beginning of this year, the Group already sensed that macro-economic control measures such as adjustments in credit, industry and taxation may be employed by the PRC government as there had been a strong recovery in the 2009 real estate market in China, coupled with a faster-than-expected increase in the prices of properties in certain popular cities in the PRC. It is likely that the real estate market in China will emerge limited fluctuations under the premises of a stable market as a whole. The “New Ten National Principles” (新國十條) and a series of consequential macro-economic control measures introduced during April this year proved the judgment of the Group. Subject to the pressure brought on by the macro-economic control measures, the real estate market as a whole became sluggish. In certain popular cities in the PRC where property prices have been rising faster than expected, there witnessed a decline in both property selling prices and volume. The Group successfully issued senior notes to raise US\$1.35 billion in total in January and April this year. The foundation of the Group’s funds regarding real estate development was stronger than ever.

Faced with a volatile property market, the Group will continue to focus on further exploring into second- and third-tier cities, and market high value added products with “real estate, fine decoration and completed on site property”. Large scale promotion activities were introduced on a nationwide basis, and the pricing strategies facilitate the acquisition of property by property buyers when shopping in that particular city. This allowed us to occupy a flexible marketing opportunity and adopted flexible pricing strategies that are contingent to the industry and the city. Market share was further captured by the Group. During the first half of this year, contracted sales of RMB20.98 billion were realized, up 104.9% on a year-on-year basis. Contracted sales reached 3.34 million square meters, up 54.7% on a year-on-year basis. Average contracted selling price was RMB6,282 per square meter, a year-on-year increase of 32.5%. Revenue reached RMB20.37 billion. Revenue from property development segment was RMB20.25 billion, accounting for 99.4% of the revenue. Average price of delivered properties was RMB5,192 per square meter.



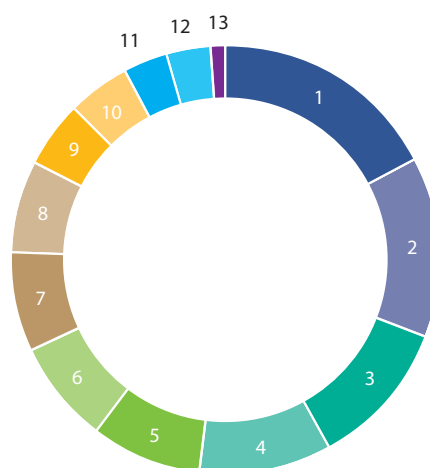
Overall Status of Completed Projects

No.	Area	Property Project	Project Phases	Completed GFA (‘000 sq.m.)
1	Guangdong	Evergrande Royal Scenic Peninsula	Phase 2, Phase 3	172.5
2		Evergrande Scenic Garden	Phase 1 (portion) Phase 2 (portion)	203.0
3		Evergrande Splendor Qingyuan	Phase 1 (portion)	219.0
4		Evergrande Oasis Guangzhou	Phase 1	147.1
5	Chongqing	Evergrande Palace Chongqing	Phase 1 (portion) Phase 2 (portion)	204.2
6		Evergrande Splendor Chongqing	Phase 1 (portion)	169.0
7		Evergrande City Chongqing	Phase 1 (portion) Phase 2 (portion)	116.2
8		Evergrande Metropolis Chongqing	Phase 1 (portion)	40.5
9		Evergrande Oasis Chongqing	Phase 1 (portion)	49.8
10	Changsha	Evergrande Palace Changsha	Phase 1 (portion)	131.6
11		Evergrande Metropolis Changsha	Phase 1 (portion)	183.7
12		Evergrande City Changsha	Phase 1 (portion)	31.1
13		Evergrande Oasis Changsha	Phase 1 (portion)	19.8
14	Chengdu and the adjacent area	Evergrande Oasis Chengdu	Phase 1 (portion) Phase 2 (portion)	126.3
15		Evergrande City Chengdu	Phase 1 (portion)	191.2
16		Evergrande Splendor Pengshan	Phase 1 (portion)	254.2
17	Wuhan and the adjacent area	Evergrande Palace Wuhan	Phase 1 (portion) Phase 2 (portion)	47.9
18		Evergrande City Wuhan	Phase 1 (portion)	138.6
19		Evergrande Oasis Wuhan	Phase 1 (portion)	93.6
20		Evergrande Splendor E'zhou	Phase 1 (portion) Phase 2 (portion)	38.6
21	Xi'an	Evergrande Metropolis Xi'an	Phase 1 (portion)	170.5
22		Evergrande Oasis Xi'an	Phase 1 (portion)	132.6
23	Hefei	Evergrande Palace Hefei	Phase 1 (portion)	134.7
24	Nanjing	Evergrande Splendor Nanjing	Phase 1 (portion)	265.2
25		Evergrande Oasis Nanjing	Phase 1 (portion)	151.9
26	Guiyang	Evergrande Oasis Guiyang	Phase 1 (portion)	138.1
27	Kunming	Evergrande Splendor Kunming	Phase 1 (portion) Phase 2 (portion)	320.5
28	Shenyang	Evergrande Oasis Shenyang	Phase 1 (portion)	166.5
29		Evergrande City Shenyang	Phase 1 (portion)	36.6
30	Tianjin	Evergrande Splendor Tianjin	Phase 1 (portion)	46.2
31	Taiyuan	Evergrande Oasis Taiyuan	Phase 1 (portion)	206.1
	Total			4,346.8



Distribution of Completed GFA

No.	Area	Proportion to GFA completed
1	Guangdong	17.1%
2	Chongqing	13.3%
3	Chengdu and the adjacent area	13.2%
4	Nanjing	9.5%
5	Changsha	8.4%
6	Kunming	7.4%
7	Wuhan and the adjacent area	7.3%
8	Xi'an	7.0%
9	Taiyuan	4.7%
10	Shenyang	4.7%
11	Guiyang	3.2%
12	Hefei	3.1%
13	Tianjin	1.1%
Total		100.0%



Overall Situation of Delivery of Properties

No.	Area	Project	GFA (sq.m.)	Revenue (RMB million)
1	Guangdong	Evergrande Royal Scenic Peninsula	180,730	1,866.8
2		Evergrande Scenic Garden	120,212	494.9
3		Evergrande Oasis Guangzhou	120,779	1,298.6
4		Evergrande Splendor Qingyuan	151,363	448.1
5		Other properties in Guangdong	5,430	49.1
6	Chongqing	Evergrande Palace Chongqing	123,376	862.9
7		Evergrande City Chongqing	76,503	628.0
8		Evergrande Splendor Chongqing	256,488	808.9
9		Evergrande Metropolis Chongqing	122,269	215.3
10		Evergrande Oasis Chongqing	112,994	291.4
11	Changsha	Evergrande Palace Changsha	135,638	438.7
12		Evergrande Metropolis Changsha	129,709	428.5
13		Evergrande City Changsha	172,930	115.4
14		Evergrande Oasis Changsha	33,546	81.2
15	Wuhan and the adjacent area	Evergrande Palace Wuhan	47,096	433.9
16		Evergrande Splendor E'zhou	142,118	430.8
17		Evergrande City Wuhan	223,515	500.4
18		Evergrande Oasis Wuhan	227,320	183.0
19	Chengdu and the adjacent area	Evergrande Oasis Chengdu	162,459	635.1
20		Evergrande City Chengdu	116,813	1,010.2
21		Evergrande Splendor Pengshan	285,439	1,012.0
22	Shenyang	Evergrande Oasis Shenyang	90,596	578.0
23		Evergrande City Shenyang	117,828	358.5



No.	Area	Project	GFA (sq.m.)	Revenue (RMB million)
24	Xi'an	Evergrande Metropolis Xi'an	21,682	720.7
25		Evergrande Oasis Xi'an	14,031	597.6
26	Nanjing	Evergrande Splendor Nanjing	64,117	828.1
27		Evergrande Oasis Nanjing	96,964	656.9
28	Taiyuan	Evergrande Oasis Taiyuan	109,389	1,296.8
29	Tianjin	Evergrande Splendor Tianjin	53,485	723.8
30	Guiyang	Evergrande Oasis Guiyang	168,877	490.7
31	Kunming	Evergrande Splendor Kunming	117,706	1,173.8
32	Hefei	Evergrande Palace Hefei	98,944	591.4
	Total		3,900,346	20,249.5

INVESTMENT PROPERTIES

During the period, the Group appropriately increased its investment properties including retail shops and car parks, with an aim to benefit from the long term and stable growth of cash flow to supplement the property development operation. As of 30 June 2010, the Group possessed an aggregate investment properties portfolio of approximately 93,000 square meters of retail commercial floor area and approximately 23,000 car park spaces. During the period, we achieved a total rental income of RMB22.2 million, a year-on-year increase of 79.0%; segmental profit was RMB776 million, of which fair value gain of the investment properties amounted to RMB750 million (net profit after tax was approximately RMB560 million).

PROPERTY MANAGEMENT

During the period, the Group recorded a revenue from property management of RMB54.1 million, representing a year-on-year growth of 21.0%. Such an increase was mainly attributable to the rise of property management fees as a result of the increase in the GFA of properties completed and delivered during the period.

PROPERTY CONSTRUCTION, LAND LEVELING AND OTHER PROPERTY DEVELOPMENT RELATED SERVICES

During the period, the Group recorded a total of RMB40.5 million of revenue generated from property construction, land leveling and other property development related services, a decrease of RMB47.4 million from the corresponding period last year.



INVESTOR RELATIONS

The Group strives to establish a two-way interactive relationship with investors. During the period, the Group received the visits of approximately 105 institutional investors; arranged approximately 195 visitors to visit our property development projects in different locations across China; held 33 teleconferences and meetings with our management; organised 42 times investors site visits; and has participated in numerous activities such as the Fourth Annual Corporate High-Yield Bonds Forum (第四屆年度企業高息債券論壇), Credit Suisse Asia's investment conference, the "Real Estate Property Day (房地產日)" held by Merrill Lynch, and the investors' meeting held by HSBC, etc. We had met with 64 investors from 47 investment institutions. During the period, we also have had several meetings on sales results with the press and investors. Activities such as meetings with investors and road shows were also held.

The Group firmly believes that a clear and transparent communication channel coupled with positive interactive relationship with investors will help us to formulate business strategies for the benefit of shareholders and to contribute value to shareholders.

CORPORATE SOCIAL RESPONSIBILITIES

In order to enhance our sense of responsibility to the society, the Group actively assumed social responsibilities during the period. After the outbreak of the Yushu earthquake in Qinghai province, we donated RMB5 million to support the reconstruction work in the stricken region. Besides, we donated HK\$10 million to the New Home Association of Hong Kong, with an aim to help new immigrants to integrate into the Hong Kong society. As to educational business, we donated RMB10 million to establish a scholarship for the domestic undergraduates and donated RMB5 million for construction of primary schools to support the fundamental education in Guangdong Province. On 19 July 2010, the Group undertook to donate RMB120 million to the Guangdong Foundation for Poverty Alleviation (廣東省扶貧基金會) for supporting the activities of helping the poor in Guangdong. All these have received wide recognitions from the society.

AWARDS

During the period, the Group was ranked in the front of the "Top 10 Property Developers in China (中國房地產企業十強)" by the China Real Estate Top 10 Research Group for the seventh consecutive years. In addition, the Group received numerous awards, including the first runner-up in the "Top Ten Operation Efficiency Property Developers in China (中國房地產企業運營效率十強第二名)", named one of the "Most Attractive Listed Property Companies for Investment (最具投資價值地產上市公司)" by the Boao Real Estate Committee (博鰲房地產組委會), and named as one of the "Top Ten Listed Property Companies in China (「中國十佳上市房企」)" by the Yangchen Wanbao (羊城晚報) and the Chinese Academy of Social Sciences of Guangdong Province (廣東省社科院). Our strength of being a property enterprise with standardized operation aiming to provide quality housing was endorsed by all these awards.

The Group also received numerous recognitions from different institutions. We were the winner of the "China Real Estate Enterprises with Sense of Social Responsibility of the Year (中國房地產年度社會責任感企業第一名)" awarded by the China Real Estate Top 10 Research Group; named as one of the "China's Corporate Citizens — Property Enterprises (中國地產企業公民)" by the Boao Real Estate Committee (博鰲房地產組委會); named one of the "Famous Brand Property Enterprises Affecting China" by 30 major media organizations in China; and received the honor award under the "Business and Employees Donation Program (商業及僱員募捐計劃)" organized by the Community Chest of Hong Kong. The above awards demonstrated that our achievement in the corporate social responsibility, internal control and brand building was highly recognized by the society.



HUMAN RESOURCES

As of 30 June 2010, the Group had a total of 12,271 employees, most of which are young and highly educated. 92% of our employees from the property development team were graduates with a university degree or above.

The Group firmly believes that people is the most important resources, and has been adhering to a people-oriented human resources development strategy. This helped us to create a working environment of harmony and positive interaction between the Group and its staff. As of 30 June 2010, total staff cost (including directors' fees) of the Group was approximately RMB502 million (corresponding period in 2009: approximately RMB204 million).



INFORMATION ON SHARE OPTIONS OF THE COMPANY

(i) Share Option Scheme

On 14 October 2009, the Company adopted a share option scheme ("Share Option Scheme") whereby the Board of Directors can grant options (the "Options") for the subscription of our shares to the employees, managerial staff and senior employees and those other persons that the Board of Directors considers that they will contribute or have contributed to the Group (the "Participants") as described in the Share Option Scheme in order to serve as compliment and to reciprocate their contribution to the Group. The details of the principal terms and conditions of the Share Option Scheme were provided in the prospectus (the "Prospectus") of the Company dated 22 October 2009.

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, which is equivalent to approximately 4.75% of the Shares (the "Shares") issued by the Company as at the date of granted. The details of the Options granted are as follows:

Grantees	Date of grant of share options	Exercise period of share options	Exercise price HK\$	Number of share options held as at 1 January 2010	Number of share options granted during the period	Number of share options exercised during the period	Number of share options cancelled during the period	Number of share options lapsed during the period	Number of share options held as at 30 June 2010
7 Directors	18 May 2010	Note 1	2.40	—	179,000,000	—	—	—	179,000,000
130 Other employees	18 May 2010	Note 1	2.40	—	534,000,000	—	—	—	534,000,000
Total					713,000,000	—	—	—	713,000,000

Notes:

1. The Options 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 Options granted (rounded down to the nearest whole number) will be exercisable at any time during the period commencing from 31 December 2010 and ending on 31 December 2015;
 - (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 31 December 2011 and ending on 31 December 2016;
 - (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 31 December 2012 and ending on 31 December 2017;
 - (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 31 December 2013 and ending on 31 December 2018;
 - (v) the fifth tranche comprising the remaining number of Shares that are subject to the Options granted will be exercisable at any time during the period commencing from 31 December 2014 and ending on 13 October 2019.
2. The closing price of the Shares on the date of grant of the Options was HK\$2.27 per Share.
3. 13 October 2019 is the last date of the Share Option Scheme being not more than 10 years pursuant to 17.03(11) of the Listing Rules.



4. Valuation of the options granted

The valuation of options granted during the six months ended 30 June 2010 was conducted based on the Binomial Model with the following assumptions:

Date of grant	18 May 2010
Closing share price at the date of grant	HK\$2.27
Exercise price per share	HK\$2.40
Annual risk free rate	2.88% per year
Expected volatility	42% per year
Life of the option	6.4 years
Expected dividend yield	1.80% per year

The fair value per share of option:

Vesting period	Directors	Other employees
7 months after the grant date	HK\$0.351511	HK\$0.294435
19 months after the grant date	HK\$0.376185	HK\$0.325711
31 months after the grant date	HK\$0.398259	HK\$0.355246
43 months after the grant date	HK\$0.417160	HK\$0.380112
55 months after the grant date	HK\$0.430320	HK\$0.398881

(ii) Pre- IPO Share Option Scheme

The Company adopted a pre-IPO share option scheme on 14 October 2009 ("Pre-IPO Share Option Scheme"). The purposes and main terms of the Pre-IPO Share Option Scheme are similar to Share Option Scheme, and the main terms are as follows:

- (a) The subscription price per Share shall be equal to the initial offer price of the Shares under the global offering, that means HKD3.50 per share;
- (b) As of 30 June 2010, the total number of Shares involved in the Pre-IPO Share Option Scheme was 200,000,000 shares, which is equivalent to approximately 1.33% of the Shares issued by of the Company after the global offering is completed; and
- (c) No further options shall be offered or granted starting from the date the Shares are traded on the Stock Exchange.

The followings are details of the options granted pursuant to the Pre-IPO Share Option Scheme but not yet exercised:

Grantee	Date of grant of options	Number of options granted	Number of options exercised/ cancelled/lapsed during the period	Number of options not yet exercised on 30 June 2010
Directors	14 October 2009	70,000,000	—	70,000,000
Other employees	14 October 2009	138,000,000	8,000,000 (Note 2)	130,000,000
Total		208,000,000	8,000,000	200,000,000



Notes:

1. Those grantees to whom options have been granted are entitled to exercise the options according to the following manner:
 - (a) A maximum of 30% of the Shares (rounded to the nearest integer) involved in the options granted can be exercised any time from the anniversary of 5 November 2009 ("Listing Date") to 36 months after the anniversary of the Listing Date;
 - (b) A maximum of 60% of the shares (rounded to the nearest integer) involved in the options granted minus the number of shares in respect of those options exercised can be exercised any time from the second anniversary of the Listing Date to 36 months after the second anniversary of the Listing Date; and
 - (c) The number of shares involved in the options granted minus the number of shares in respect of those options exercised can be exercised any time from the third anniversary of the Listing Date to 36 months after the third anniversary of the Listing Date;
2. These options were lapsed due to the resignation of two grantees during the period.

Other details of the Pre-IPO Share Option Scheme are provided in the Prospectus.

DEBENTURE

During the six months ended 30 June 2010, none of the Company, its holding company or its subsidiaries were the contracting parties of any arrangements from which the Directors could make a profit by purchasing the shares or debentures of the Company or any other companies.

INTERESTS AND SHORT POSITIONS OF DIRECTORS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES

As at 30 June 2010, the interest and short positions of the Directors and officers of the Company in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) required to be recorded in the register mentioned under Section 352 of the Securities and Futures Ordinance or as otherwise notifiable to the Company and the Stock Exchange pursuant to the Model Code of Securities Transactions by Directors of Listed Issuers (the "Model Code") are as follows:

(i) Interest in the shares of the Company

Name of director	Nature of interest	Number of securities	Approximate percentage of shareholding
Hui Ka Yan (Note 1)	Interest of controlled company	10,284,684,702 (L) 139,949,972 (S) (Note 2)	68.56% 0.93%

Notes:

1. Of the 10,284,684,702 Shares held, 9,352,971,497 Shares were held by Xin Xin (BVI) Limited, a company wholly owned by Dr Hui Ka Yan, and 931,713,205 Shares were held by Even Honour Holdings Limited, a company wholly owned by Mrs Hui. The interest of Even Honour Holdings Limited in the Company is also deemed to be held by Dr Hui pursuant to the SFO.
2. Xin Xin (BVI) Limited has granted to Deutsche Bank AG, Hong Kong Branch a call option to purchase the option shares at US\$0.27 per share. Please refer to the Prospectus for details.



(ii) Interest in the underlying shares of the Company

(a) Pre-IPO Share Option Scheme

Name of director	Nature of interest	Number of shares involved in the options granted under the Pre-IPO Share Option Scheme	Approximate percentage of shareholding of those options granted and exercised under the Pre-IPO Share Option Scheme based on the existing issued share capital of the Company
Xia Haijun	beneficiary owner	20,000,000	0.13%
Li Gang	beneficiary owner	20,000,000	0.13%
Tse Wai Wah	beneficiary owner	6,000,000	0.04%
Xu Xiangwu	beneficiary owner	6,000,000	0.04%
Xu Wen	beneficiary owner	6,000,000	0.04%
Lai Lixin	beneficiary owner	6,000,000	0.04%
He Miaoling	beneficiary owner	6,000,000	0.04%

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

(b) Share Option Scheme

Name of director	Nature of interest	Number of shares involved in the options granted under the Share Option Scheme	Approximate percentage of shareholding of those options granted and exercised under the Share Option Scheme based on the existing issued share capital of the Company
Xia Haijun	beneficiary owner	80,000,000	0.53%
Li Gang	beneficiary owner	50,000,000	0.33%
Tse Wai Wah	beneficiary owner	9,000,000	0.06%
Xu Xiangwu	beneficiary owner	9,000,000	0.06%
Xu Wen	beneficiary owner	11,000,000	0.07%
Lai Lixin	beneficiary owner	9,000,000	0.06%
He Miaoling	beneficiary owner	11,000,000	0.07%

Note: The exercise price of the share options granted on 18 May 2010 was HK\$2.40 per Share.

(iii) Interest in the associated corporation of the Company

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

Note: Pursuant to the SFO, Even Honour Holdings Limited is wholly owned by the spouse of Mr Hui Ka Yan and is deemed to be an associated corporation of the Company.



Save as disclosed below, as at 30 June 2010, none of the Directors, officers of the Company or any associated corporation had any other interests and short positions in any shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) required to be recorded in the register mentioned under Section 352 of the SFO or as otherwise notifiable to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS

The Directors or officers of the Company are aware that as at 30 June 2010, other than the Directors or officers of the Company as disclosed above, the following persons had interests or short positions in the shares or underlying shares which are required to be notified to the Company under the provisions of Division 2 and 3 of Part XV of the SFO or which will have to be recorded in the register to be kept or to be notified to the Company and the Stock Exchange pursuant to Section 336 of the SFO:

Name of shareholder	Status of interest held	Interest in the shares	Approximate percentage of shareholding
Mrs. Hui	Interest of controlled company	10,284,684,702 (L) (Note 1)	68.56%
		139,949,972 (S) (Note 4)	0.93%
Xin Xin (BVI) Limited	Beneficiary owner	9,352,971,497 (Note 2)	62.35%
		139,949,972 (S) (Note 4)	0.93%
Even Honour Holdings Limited	Beneficiary owner	931,713,205 (Note 3)	6.21%

Notes:

1. Of the 10,284,684,702 Shares held, 931,713,205 Shares were held by a company wholly owned by Mrs Hui, and 9,352,971,497 Shares were held by Xin Xin (BVI) Limited, a company wholly owned by Mrs Hui's spouse, Dr Hui Ka Yan. The interest of Xin Xin (BVI) Limited in the Company is also deemed to be held by Mrs Hui 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 Mrs Hui.
4. Xin Xin (BVI) Limited has granted to Deutsche Bank AG, Hong Kong Branch a call option to purchase the option shares at US\$0.27 per share. Please refer to the Prospectus for details.

EMPLOYEE AND REMUNERATION POLICIES

As of 30 June 2010, the Group had an aggregate of 12,271 employees. The Group recruited and promoted individual persons according to their strength and development potential. The Group determined the remuneration packages of all employees (including the Directors) with reference to individual performance and current market salary scale.



CHANGES IN DIRECTORS' INFORMATION

Pursuant to Rules 13.51B(1) and 13.51B(3) of the Listing Rules, changes in Directors' information since the date of the 2009 Annual Report up to 30 August 2010 (the date of this Interim Report) are set out as below:

Mr. Hui Ka Yan

Mr. Hui, the President, was engaged by Wuhan University of Science and Technology as the supervisor of PhD candidates.

Mr. Xu Wen

Mr. Xu, the Vice President, received Master of Business Administration from Wuhan University of Science and Technology.

Mr. Lawrence Yu

Ceased to be an independent non-executive director of Hong Kong Building and Loan Agency Limited.

INTERIM DIVIDEND

The Board resolved not to declare an interim dividend.

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

For the six months ended 30 June 2010, neither of the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company has complied with all the provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2010.

REVIEW OF INTERIM REPORT

The unaudited interim results for the six months ended 30 June 2010 have been reviewed by PricewaterhouseCoopers in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor for the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

The Audit Committee of the Board of Directors has also reviewed the Company's interim results for the six months ended 30 June 2010, and discussed with the Company's management regarding internal control and other important matters.

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 Listing Rules as its own code of conduct for securities transactions conducted by directors of the Company. All directors of the Company have confirmed their compliance with the Model Code during the period under review.

Condensed Consolidated Balance Sheet

	Note	30 June 2010 (unaudited) RMB'000	31 December 2009 (audited) RMB'000
ASSETS			
Non-current assets			
Property and equipment	5	766,892	395,775
Land use rights	5	309,580	279,498
Investment properties	5	4,400,305	3,130,800
Other receivables		312,660	302,964
Deferred income tax assets		337,824	522,166
		6,127,261	4,631,203
Current assets			
Land use rights	5	22,430,758	15,923,120
Properties under development	6	17,343,685	20,557,151
Completed properties held for sale	7	3,854,866	2,004,932
Trade and other receivables and prepayments	8	10,920,707	5,318,893
Income tax recoverables		256,897	257,909
Restricted cash	9	8,536,886	7,044,824
Cash and cash equivalents	10	9,951,414	7,333,232
		73,295,213	58,440,061
Total assets		79,422,474	63,071,264
EQUITY			
Equity attributable to shareholders of the Company			
Share capital	11	1,044,079	1,044,079
Share premium	11	7,958,022	7,958,022
Reserves	12	1,356,587	1,219,385
Retained earnings		4,828,244	2,640,351
		15,186,932	12,861,837
Non-controlling interests		466,698	295,309
Total equity		15,653,630	13,157,146
LIABILITIES			
Non-current liabilities			
Borrowings	13	23,178,175	7,816,044
Deferred income tax liabilities		779,359	600,497
		23,957,534	8,416,541
Current liabilities			
Borrowings	13	2,094,990	6,359,745
Trade and other payables	14	13,937,301	9,799,761
Advances from customers		21,946,599	24,306,136
Current income tax liabilities	15	1,832,420	1,031,935
		39,811,310	41,497,577
Total liabilities		63,768,844	49,914,118
Total equity and liabilities		79,422,474	63,071,264
Net current assets		33,483,903	16,942,484
Total assets less current liabilities		39,611,164	21,573,687

The notes on pages 33 to 50 form an integral part of this condensed consolidated interim financial information.



Condensed Consolidated Statement of Comprehensive Income

	Note	Six months ended 30 June	
		2010 (unaudited) RMB'000	2009 (audited) RMB'000
Revenue	4	20,366,292	1,635,130
Cost of sales	16	(15,419,512)	(1,089,782)
Gross profit		4,946,780	545,348
Fair value gains on investment properties	5	750,554	299,657
Other gains		58,208	301,094
Selling and marketing costs	16	(797,900)	(415,259)
Administrative expenses	16	(542,392)	(349,034)
Other operating expenses		(44,240)	(6,187)
Operating profit		4,371,010	375,619
Reversals of financial guarantees		—	146,341
Finance income/(costs), net	17	48,314	(12,308)
Profit before income tax		4,419,324	509,652
Income tax (expenses)/credit	18	(1,919,253)	12,708
Profit for the period		2,500,071	522,360
Other comprehensive income		—	—
Total comprehensive income for the period		2,500,071	522,360
Attributable to:			
Shareholders of the Company		2,328,682	500,172
Non-controlling interests		171,389	22,188
		2,500,071	522,360
Earnings per share attributable to shareholders of the Company			
Basic (RMB)	19	0.16	0.04
Diluted (RMB)	19	0.15	0.04
Dividends	20	—	—

The notes on pages 33 to 50 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Changes in Equity

	Attributable to shareholders of the Company					Non-controlling interests	
	Share capital RMB'000	Share premium RMB'000	Reserves RMB'000	Retained earnings RMB'000	Total RMB'000	RMB'000	Total RMB'000
Audited:							
Balance as at 1 January 2009	209,332	6,000,560	389,837	1,662,139	8,261,868	321,263	8,583,131
Total comprehensive income	—	—	—	500,172	500,172	22,188	522,360
Transactions with owners:							
Additional gain from partial disposal of a subsidiary	—	—	—	—	—	(98,800)	(98,800)
Total transactions with owners	—	—	—	—	—	(98,800)	(98,800)
Balance as at 30 June 2009	209,332	6,000,560	389,837	2,162,311	8,762,040	244,651	9,006,691
Unaudited:							
Balance as at 1 January 2010	1,044,079	7,958,022	1,219,385	2,640,351	12,861,837	295,309	13,157,146
Total comprehensive income	—	—	—	2,328,682	2,328,682	171,389	2,500,071
Transactions with owners:							
Transfer to statutory reserves	—	—	35,789	(35,789)	—	—	—
Employee share option scheme (note 12(c))	—	—	101,413	—	101,413	—	101,413
Dividends (note 20)	—	—	—	(105,000)	(105,000)	—	(105,000)
Total transactions with owners	—	—	137,202	(140,789)	(3,587)	—	(3,587)
Balance as at 30 June 2010	1,044,079	7,958,022	1,356,587	4,828,244	15,186,932	466,698	15,653,630

The notes on pages 33 to 50 form an integral part of this condensed consolidated interim financial information.



Condensed Consolidated Cash Flow Statement

	Six months ended 30 June	
	2010 (unaudited) RMB'000	2009 (audited) RMB'000
Net cash (used in)/generated from operating activities	(9,228,100)	2,368,200
Net cash used in investing activities	(341,881)	(24,343)
Net cash generated from/(used in) financing activities	12,197,215	(118,982)
Net increase in cash and cash equivalents	2,627,234	2,224,875
Cash and cash equivalents at the beginning of the period	7,333,232	749,718
Exchange losses	(9,052)	(405)
Cash and cash equivalents as at the end of the period	9,951,414	2,974,188

The notes on pages 33 to 50 form an integral part of this condensed consolidated interim financial information.

1 GENERAL INFORMATION

Evergrande Real Estate Group Limited (the "Company") was incorporated in the Cayman Islands on 26 June 2006 as an exempted company with limited liability under the Companies Law, Cap. 22 (2009 Revision as consolidated and revised from time to time) of the Cayman Islands and is engaged in investment holding. The Company and its subsidiaries (the "Group") are principally engaged in the property development, property investment, property management, property construction, land leveling and other services related to property development 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 primary listing on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 5 November 2009.

The condensed consolidated interim financial information are presented in Renminbi Yuan ("RMB") thousands, unless otherwise stated. The condensed consolidated interim financial information have been approved for issue on 30 August 2010.

This condensed consolidated interim financial information has not been audited.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2010 has been prepared in accordance with 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 2009, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

3 ACCOUNTING POLICIES

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

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2009, as described in those annual financial statements.

(a) The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2010

HKFRS 3 (revised), 'Business combinations', and consequential amendments to HKAS 27, 'Consolidated and separate financial statements', HKAS 28, 'Investments in associates', and HKAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.



3 ACCOUNTING POLICIES (continued)

(a) The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2010 (continued)

The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with HKFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed. The Group will adopt HKFRS 3 (revised) to the business combination with acquisition date after 1 January 2010. There is no material impact on the Group's consolidated interim financial information as there is no business combination during the six months ended 30 June 2010.

As the Group has adopted HKFRS 3 (revised), it is required to adopt HKAS 27 (revised), 'consolidated and separate financial statements', at the same time. HKAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss.

(b) New standards, amendments to standards and interpretations to existing standards effective in 2010 not relevant to the Group

HK(IFRIC)-Int 17, 'Distributions of non-cash assets to owners' is effective for annual periods beginning on or after 1 July 2009. This is not currently applicable to the Group as it has not made any non-cash distributions.

'Additional exemptions for first-time adopters' (Amendment to HKFRS 1) is effective for annual periods beginning on or after 1 January 2010. This is not relevant to the Group as it is an existing HKFRS preparer.

HKAS 39 (Amendment), 'Eligible hedged items' is effective for annual periods on or after 1 July 2009. That is not currently applicable to the Group as it has no hedging transactions.

HKFRS 2 (Amendment), 'Group cash-settled share-based payment transaction' is effective for annual periods beginning on or after 1 January 2010. This is not currently applicable to the Group as it has no such share-based payment transactions.

First improvements to Hong Kong Financial Reporting Standards (2008) were issued in October 2008 by the HKICPA. The improvement related to HKFRS 5 "Non-current assets held for sale and discontinued operations" is effective for annual periods on or after 1 July 2009.

Second improvements to Hong Kong Financial Reporting Standards (2009) were issued in May 2009 by the HKICPA. All improvements are effective in the financial year of 2010.

4 SEGMENT INFORMATION

The chief operating decision-maker ("CODM") of the Group has been identified as the directors of the Company who are responsible to review 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, property construction, land leveling and other services. As CODM of the Group considers most of the revenue and results of the Group are attributable to the market in the PRC, and only an immaterial part (less than 10%) of the Group's assets are located outside the PRC, no geographical segment information is presented.

The directors of the Company assess the performance of the operating segments based on a measure of segment results. Finance (costs)/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 consolidated income statement.

The segment results and other segment items included in the condensed consolidated income statement for the six months ended 30 June 2010 are as follows:

	Property development	Property investment	Property management services	Property construction, land leveling and other services	Elimination	Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Gross segment revenue	20,249,486	26,305	54,107	1,215,965		21,545,863
Inter-segment revenue	—	(4,106)	—	(1,175,465)		(1,179,571)
Revenue	20,249,486	22,199	54,107	40,500		20,366,292
Segment results	3,438,055	775,543	(58,790)	47,281	168,921	4,371,010
Finance income, net						48,314
Profit before income tax						4,419,324
Income tax expenses						(1,919,253)
Profit for the period						2,500,071
Depreciation (note 5)	33,112	—	1,914	12,346	—	47,372
Fair value gains on investment properties	—	750,554	—	—	—	750,554



4 SEGMENT INFORMATION (continued)

The segment results and other segment items included in the condensed consolidated income statement for the six months ended 30 June 2009 are as follows:

	Property development RMB'000	Property investment RMB'000	Property management services RMB'000	Property construction, land leveling and other services RMB'000	Elimination RMB'000	Group RMB'000
Gross segment revenue	1,490,107	16,863	44,723	1,193,408		2,745,101
Inter-segment revenue	—	(4,503)	—	(1,105,468)		(1,109,971)
Revenue	1,490,107	12,360	44,723	87,940		1,635,130
Segment results	34,161	311,399	(39,078)	202,897	(133,760)	375,619
Reversals of financial guarantees						146,341
Finance costs, net						(12,308)
Profit before income tax						509,652
Income tax credit						12,708
Profit for the period						522,360
Depreciation (note 5)	19,528	—	632	2,293	—	22,453
Amortisation of land use rights recognised as expenses (note 5)	10,757	—	—	—	—	10,757
Fair value gains on investment properties	—	299,657	—	—	—	299,657

4 SEGMENT INFORMATION (continued)

Segment assets as at 30 June 2010 are as follows:

	Property development RMB'000	Property investment RMB'000	Property management services RMB'000	Property construction, land leveling and other services RMB'000	Elimination RMB'000	Group RMB'000
Segment assets	75,310,717	4,400,305	1,124,098	3,698,776	(5,706,143)	78,827,753
Unallocated						594,721
Total assets						79,422,474

Segment assets as at 31 December 2009 are as follows:

	Property development RMB'000	Property investment RMB'000	Property management services RMB'000	Property construction, land leveling and other services RMB'000	Elimination RMB'000	Group RMB'000
Segment assets	58,507,063	3,130,800	262,943	3,958,358	(3,567,975)	62,291,189
Unallocated						780,075
Total assets						63,071,264

Segment assets consist primarily of property and equipment, investment properties, land use rights, properties under development, completed properties held for sale, receivables, prepayments and cash balances. They exclude deferred tax assets and income tax recoverables.



5 PROPERTY AND EQUIPMENT, LAND USE RIGHTS AND INVESTMENT PROPERTIES

	Property and equipment RMB'000	Land use rights RMB'000	Investment properties RMB'000
Six months ended 30 June 2009			
Opening net book amount as at 1 January 2009	450,141	8,895,113	1,741,390
Additions	36,740	1,895,089	—
Disposals	(8,886)	—	(19,010)
Reclassification of property and equipment to investment properties	(65,727)	—	65,727
Reclassification of land use rights to investment properties	—	(30,706)	30,706
Reclassification of completed properties held for sale to investment properties	—	—	29,638
Fair value gains on investment properties	—	—	299,657
Depreciation/amortisation charge			
— Capitalised in properties under development	—	(65,761)	—
— Recognised as expenses	(22,453)	(10,757)	—
Transfer to cost of sales	—	(202,198)	—
Closing net book amount as at 30 June 2009	389,815	10,480,780	2,148,108
Six months ended 30 June 2010			
Opening net book amount as at 1 January 2010	395,775	16,202,618	3,130,800
Additions	368,461	9,350,941	—
Disposals	(4,972)	—	—
Reclassification of land use rights to investment properties	—	(301,320)	301,320
Reclassification of property under development and completed properties held for sale to investment properties	—	—	272,631
Reclassification of investment properties to property and equipment	55,000	—	(55,000)
Fair value gains on investment properties	—	—	750,554
Depreciation/amortisation charge			
— Capitalised in properties under development	—	(117,684)	—
— Recognised as expenses	(47,372)	—	—
Transfer to cost of sales	—	(2,394,217)	—
Closing net book amount as at 30 June 2010	766,892	22,740,338	4,400,305
Land use rights to be realised within one normal operating cycle and included under current assets		22,430,758	
Land use rights included under non-current assets		309,580	
		22,740,338	

As at 30 June 2010, property and equipment of RMB182,385,000 (31 December 2009: RMB141,089,000), land use rights of RMB7,958,759,000 (31 December 2009: RMB7,330,700,000), investment properties of RMB162,203,000 (31 December 2009: RMB427,383,000), respectively, were pledged as collateral for the Group's bank borrowings.

As at 30 June 2010, land use rights of RMB781,446,259 (31 December 2009: RMB1,026,851,000) were pledged as collateral for third parties' bank borrowings.

6 PROPERTIES UNDER DEVELOPMENT

	30 June 2010 RMB'000	31 December 2009 RMB'000
Properties under development include:		
— Construction costs and capitalised expenditures	15,397,783	18,414,187
— Interests capitalised	1,945,902	2,142,964
	17,343,685	20,557,151

The properties under development are located in the PRC.

As at 30 June 2010, properties under development of approximately RMB1,294,217,000 (31 December 2009: RMB1,074,698,000) were pledged as collateral for the Group's bank borrowings.

The capitalisation rate of borrowings for the six months ended 30 June 2010 is 8.37% (for the six months ended 30 June 2009: 10.41%)

7 COMPLETED PROPERTIES HELD FOR SALE

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

As at 30 June 2010, completed properties held for sale of approximately RMB345,260,000 (31 December 2009: RMB289,415,000) were pledged as collateral for the Group's bank borrowings.

8 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2010 RMB'000	31 December 2009 RMB'000
Trade receivables (note (a)):	380,235	58,469
— related parties (note 23(c))	11,696	5,332
— third parties	368,539	53,137
Other receivables due from:	1,761,192	921,865
— a shareholder (note 23(c))	—	719
— third parties	1,761,192	921,146
Prepaid business taxes and other taxes	892,867	1,045,920
Prepayments — third parties	7,886,413	3,292,639
— for acquisition of land use rights	7,469,891	2,433,244
— others	416,522	859,395
	10,920,707	5,318,893



8 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (continued)

As at 30 June 2010 and 31 December 2009, the fair value of trade and other receivables approximated their carrying amounts.

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

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

	30 June 2010 RMB'000	31 December 2009 RMB'000
Within 90 days	364,137	50,188
Over 90 days and within 180 days	5,817	1,524
Over 180 days and within 365 days	10,281	6,757
	380,235	58,469

No material trade receivables were impaired or past due as at 30 June 2010 and 31 December 2009.

9 RESTRICTED CASH

	30 June 2010 RMB'000	31 December 2009 RMB'000
Guarantee deposits for construction of projects (note (a))	6,706,189	4,058,489
Guarantee deposits for bank acceptance notes and loans (note (b))	1,817,966	2,985,646
Guarantee deposits for payments of cost of relocation (note (c))	12,731	689
	8,536,886	7,044,824

- (a) In accordance with relevant documents issued by the PRC local State-Owned Land and Resource Bureau, certain property development companies of the Group were required to place the proceeds received from pre-sale of properties as guarantee deposits for construction of properties. The deposits can only be used to pay for construction fees and purchase of construction materials of the relevant projects when approvals are obtained from the PRC local State-Owned Land and Resource Bureau. The restriction will be released after the construction is completed or real estate ownership certificate of the pre-sold properties is issued, whichever is earlier.
- (b) The Group placed certain cash deposits with designated banks as security for bank acceptance notes or bank loans.
- (c) Pursuant to the policy of the PRC Bureau of Land Resources and Housing Management, the Group should place certain deposits with designated bank accounts to guarantee the payments to original occupants of the land acquired by the Group for compensating their relocation costs.

Restricted cash as at 30 June 2010 and 31 December 2009 are denominated in RMB. 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.

10 CASH AND CASH EQUIVALENTS

	30 June 2010 RMB'000	31 December 2009 RMB'000
Cash at bank and in hand:		
— Denominated in RMB	7,611,539	7,082,137
— Denominated in other currencies	2,339,875	251,095
	9,951,414	7,333,232

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.

11 SHARE CAPITAL AND PREMIUM

	Number of shares (thousands)	Nominal value of ordinary shares US\$'000	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
Six months ended 30 June 2009					
Balance as at 1 January and 30 June 2009	2,774,104	27,741	209,332	6,000,560	6,209,892
Six months ended 30 June 2010					
Balance as at 1 January and 30 June 2010	15,000,000	150,000	1,044,079	7,958,022	9,002,101



12 RESERVES

	Merger reserve RMB'000 (note (a))	Other reserves RMB'000	Statutory reserves RMB'000 (note (b))	Share option reserve RMB'000 (note (c))	Total RMB'000
Six months ended 30 June 2009					
Balance at 1 January and 30 June 2009	(986,474)	1,161,776	214,535	—	389,837
Six months ended 30 June 2010					
Balance at 1 January 2010	(986,474)	1,908,914	282,751	14,194	1,219,385
Transfer to statutory reserves	—	—	35,789	—	35,789
Employee share option scheme (note (c))	—	—	—	101,413	101,413
Balance at 30 June 2010	(986,474)	1,908,914	318,540	115,607	1,356,587

(a) Merger reserve

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

(b) Statutory reserves

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

The subsidiaries which are foreign investment enterprises are required to appropriate 10% of the profit for the year after setting off the accumulated losses brought forward (based on the figures reported in the statutory financial statements) to the statutory reserve fund.

The statutory surplus reserve and statutory reserve fund 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.

12 RESERVES (continued)

(c) Share option reserve

Movements of share options are as follows:

	Number of share options
Six months ended 30 June 2009	
Balance at 1 January and 30 June 2009	—
Six months ended 30 June 2010	
Balance at 1 January 2010	208,000,000
Granted on 18 May 2010	713,000,000
Lapsed during the period	(8,000,000)
Balance at 30 June 2010	913,000,000

Particulars of share options as at 30 June 2010 are as follows:

Date of grant	Vesting period	Exercise period	Exercise price	Number of outstanding shares options	
				30 June 2010	31 December 2009
14 October 2009	1 year	5 November 2010–5 November 2013	HK\$3.5	59,600,000	62,000,000
14 October 2009	2 years	5 November 2011–5 November 2014	HK\$3.5	59,600,000	62,000,000
14 October 2009	3 years	5 November 2012–5 November 2015	HK\$3.5	80,800,000	84,000,000
18 May 2010	7 months	31 December 2010–31 December 2015	HK\$2.4	142,600,000	—
18 May 2010	19 months	31 December 2011–31 December 2016	HK\$2.4	142,600,000	—
18 May 2010	31 months	31 December 2012–31 December 2017	HK\$2.4	142,600,000	—
18 May 2010	43 months	31 December 2013–31 December 2018	HK\$2.4	142,600,000	—
18 May 2010	55 months	31 December 2014–13 October 2019	HK\$2.4	142,600,000	—
				913,000,000	208,000,000

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



13 BORROWINGS

	30 June 2010 RMB'000	31 December 2009 RMB'000
Borrowings included in non-current liabilities:		
Bank borrowings — secured (note (a))	15,313,180	12,027,329
Senior notes (note (b))	8,949,905	—
	24,263,085	12,027,329
Less: current portion of long-term borrowings — secured	(1,084,910)	(4,211,285)
	23,178,175	7,816,044
Borrowings included in current liabilities:		
Bank borrowings — secured (note (a))	1,010,080	2,148,460
Current portion of long-term borrowings — secured (note (a))	1,084,910	4,211,285
	2,094,990	6,359,745
Total borrowings	25,273,165	14,175,789

- (a) As at 30 June 2010, the Group's bank borrowings of RMB16,323,260,000 (31 December 2009: RMB14,175,789,000) were secured by its property and equipment, land use rights, investment properties, properties under development, completed properties held for sale, and cash in bank and equity interests of certain subsidiaries of the Group.

Movements of bank borrowings are analysed as follows:

	Six months ended 30 June	
	2010 RMB'000	2009 RMB'000
Opening amount as at 1 January	14,175,789	10,440,256
Additions of borrowings	9,054,131	1,979,268
Repayments of borrowings	(6,906,660)	(2,247,213)
Closing amount as at 30 June	16,323,260	10,172,311

- (b) On 27 January 2010, the Company issued 13%, five-year senior notes with an aggregated principal amount of US\$750,000,000 (equivalent to approximately RMB5,120,400,000) at 100% of the face value. On 13 April 2010, the Company further issued additional senior notes with an aggregated principal amount of US\$600,000,000 (equivalent to approximately RMB4,095,600,000) at 100% of the face value. The senior notes are jointly guaranteed by certain subsidiaries and secured by pledges of the shares of the subsidiaries. The net assets of these subsidiaries as at 30 June 2010 were approximatedly RMB824,663,000.

13 BORROWINGS (continued)

(b) (continued)

Movements of senior notes recognised are analysed as follows:

	Six months ended 30 June 2010 RMB'000
Issuance of senior notes of US\$750 million on 27 January 2010, net of issuance costs	5,000,475
Issuance of senior notes of US\$600 million on 13 April 2010, net of issuance costs	3,986,561
Amortisation of issuance costs	11,154
Exchange gain	(48,285)
Carrying amount as at 30 June 2010	8,949,905

14 TRADE AND OTHER PAYABLES

	30 June 2010 RMB'000	31 December 2009 RMB'000
Trade payables		
— third parties	6,563,965	5,841,260
Other payables:	6,596,292	3,685,280
— third parties	1,333,791	745,917
— payables for acquisition of land use rights	5,262,501	2,939,363
Accrued expenses	670,419	119,425
Other taxes payable	106,625	153,796
	13,937,301	9,799,761

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

	30 June 2010 RMB'000	31 December 2009 RMB'000
Within 90 days	5,195,648	5,678,940
Over 90 days and within 180 days	611,442	54,046
Over 180 days and within 365 days	683,303	44,818
Over 365 days	73,572	63,456
	6,563,965	5,841,260



15 CURRENT INCOME TAX LIABILITIES

The current income tax liabilities are analysed as follows:

	30 June 2010 RMB'000	31 December 2009 RMB'000
Income tax payables		
— PRC corporate income tax payable	535,240	310,023
— PRC land appreciation tax payable	1,297,180	721,912
	1,832,420	1,031,935

16 EXPENSES BY NATURE

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

	Six months ended 30 June	
	2010 RMB'000	2009 RMB'000
Cost of properties sold — excluding staff costs	14,080,253	909,852
Business tax and other levies (note (a))	1,117,162	108,361
Staff costs — including directors' emoluments	501,683	204,291
Advertising costs	399,593	128,933
Sales commissions	230,397	80,326
Consultancy fee	40,507	116,806
Depreciation	47,372	22,453
Amortisation of land use rights	—	10,757

(a) Business tax

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

Category	Rate
Sales of properties	5%
Property construction and decoration	3%
Property management	5%

17 FINANCE INCOME/(COSTS), NET

	Six months ended 30 June	
	2010 RMB'000	2009 RMB'000
Exchange gain/(loss)	48,314	(4,204)
Interest expenses from borrowings	(853,243)	(529,644)
Less: interest capitalised	853,243	521,540
	—	(8,104)
	48,314	(12,308)

18 INCOME TAX EXPENSES/(CREDIT)

	Six months ended 30 June	
	2010 RMB'000	2009 RMB'000
Current income tax		
— Hong Kong profits tax	—	—
— PRC corporate income tax	672,866	14,391
— PRC land appreciation tax	883,183	59,538
Deferred income tax		
— PRC corporate income tax	363,204	(86,637)
	1,919,253	(12,708)

Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (2009 Revision as consolidated and revised from time to time) of the Cayman Islands and accordingly, is exempted from Cayman Islands income tax. The group companies in the British Virgin Islands were incorporated under the International Business Companies Act of the British Virgin Islands and, accordingly, are exempted from British Virgin Islands income tax.

Hong Kong profits tax

No Hong Kong profits tax has been provided for as there is no business operation that are subject to Hong Kong profits tax carried out by the Group during the six months ended 30 June 2010 (six months ended 30 June 2009: nil).

PRC corporate income tax

The income tax provision of the Group in respect of operations in the PRC has been mainly calculated at the applicable tax rate of 25% (six months ended 30 June 2009: 25%) on the estimated assessable profits, based on the existing legislation, interpretations and practices in respect thereof.

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 lease charges of land use rights and all property development expenditures.



19 EARNINGS PER SHARE

Basic earnings per share arising from continuing operations is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the period. The weighted average number of ordinary shares for the six months ended 30 June 2009 has taken into account the issuance of 11,220,895,734 ordinary shares by capitalisation of share premium account.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares consist of share options.

	Six months ended 30 June	
	2010	2009
Basic earnings per share (RMB)	0.16	0.04
Diluted earnings per share (RMB)	0.15	0.04

20 DIVIDENDS

The board of directors of the Company resolved not to declare any dividend in respect of the six months ended 30 June 2010 (six months ended 30 June 2009: nil).

A final dividend in respect of 2009 of RMB0.7 cents per ordinary share, totalling RMB105,000,000 was paid on 3 June 2010.

21 FINANCIAL GUARANTEES

Guarantees in respect of mortgage facilities for purchasers of the Group's property units

	30 June	31 December
	2010	2009
	RMB'000	RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the Group's property units	18,869,125	12,531,513

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 to repay 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 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.

22 COMMITMENTS

(a) Operating leases commitments

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

	30 June 2010 RMB'000	31 December 2009 RMB'000
Property and equipment:		
Not later than one year	66,065	46,503
Later than one year and not later than five years	69,291	77,026
Later than five years	87,091	5,870
	222,447	129,399

(b) Commitments for property development expenditure

	30 June 2010 RMB'000	31 December 2009 RMB'000
Contracted but not provided for	17,663,200	15,223,065

(c) Commitments for land expenditure

	30 June 2010 RMB'000	31 December 2009 RMB'000
Contracted but not provided for	15,604,050	12,315,356

23 RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

Name	Relationship
許家印先生 Dr. Hui Ka Yan ("Dr. Hui")	The ultimate controlling shareholder and also the director of the Company
廣州恒大實業集團有限公司 Guangzhou Hengda Industrial Group Company Limited	Controlled by Dr. Hui and his associates
Xin Xin (BVI) Limited	The controlling shareholder of the Company
廣州市金碧大世界飲食娛樂有限公司 Guangzhou Jinbi Dashijie Catering and Entertainment Company Limited	Controlled by Ms. Ding Yumei, wife of Dr. Hui



23 RELATED PARTY TRANSACTIONS (continued)

(b) Transactions with related parties

During the six months ended 30 June 2010, the Group had the following significant transactions with related parties in addition to those disclosed elsewhere in the financial statements:

	Six months ended 30 June	
	2010 RMB'000	2009 RMB'000
Rental income (note (i)):		
Guangzhou Jinbi Dashijie Catering and Entertainment Company Limited	9,159	1,309

(i) The rental fees were charged in accordance with the terms of the underlying agreements.

(c) Balances with related parties

As at 30 June 2010 and 31 December 2009, the Group had the following significant trade and non-trade balances with related parties:

	30 June 2010 RMB'000	31 December 2009 RMB'000
	Amounts due from related parties	
Included in trade receivables:		
Guangzhou Jinbi Dashijie Catering and Entertainment Company Limited	11,696	5,332
Included in other receivables:		
Xin Xin (BVI) Limited	—	719
	11,696	6,051