恆大地產集團®
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 2011

Leader in standardized
quality property development in China

Contents

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

Corporate and Shareholder Information

HEAD OFFICE

23rd Floor, Talent Center
45 Tianhe Road
Guangzhou
Guangdong Province
The PRC
Postal code: 510075

PLACE OF BUSINESS IN HONG KONG

Suites 1501–1507, One Pacific Place
88 Queensway, Hong Kong

WEBSITE

www.evergrande.com

COMPANY SECRETARY

Fong Kar Chun, Jimmy, Solicitor of the Hong Kong SAR

AUDITOR

PricewaterhouseCoopers

PRINCIPAL BANKERS

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

SHAREHOLDER INFORMATION

Listing Information

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

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

SECURITY CODE

Stock

HKEX: 3333

Bonds

RMB5,550,000,000 US$ Settled
7.50% Senior Notes due 2014
Common Code: 057638222
ISIN: XS0576382229

RMB3,700,000,000 US$ Settled
9.25% Senior Notes due 2016
Common Code: 057638249
ISIN: XS0576382492

US$1,350,000,000
13.00% Senior Notes due 2015
CUSIP: 300151AA5/G3225AAAI
Common Code: 048317278/048284361
ISIN: US300151AA58/USG3225AAA19

INVESTOR RELATIONS

For enquiries, please contact:
Investor Relation department
Email: evergrandeIR@evergrande.com
Telephone: (852)2287 9202/2287 9218/2287 9207

FINANCIAL CALENDAR

Announcement of interim results: 30 August 2011

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 2011.

For the six months ended 30 June 2011, the revenue and gross profit of the Group were RMB32.06 billion and RMB11.24 billion, a period-on-period growth of 57.4% and 127.1% respectively. Net profit increased by 132.8% to RMB5.82 billion. Net profit attributable to shareholders amounted to approximately RMB5.70 billion. Basic earnings per share amounted to RMB0.38. This set another best historical record of the Group on a period-on-period basis for all of the above financial indicators.

BUSINESS REVIEW

In the first half of 2011, the property market in China was strongly affected by macroeconomic control with the issuance of a series of policies. During the period under review, despite that market supply remained active, the overly rapid increase in property prices was effectively contained. Such austerity measures not only presented challenges but also new opportunities to the property market. The degree of concentration of large-scale property developers was further increased. Total contracted sales of the top 20 property developers in China accounted for 18% of all property sales in China, representing an increase of 3.6 percentage points over the corresponding period in 2010. In the meanwhile, regional markets were increasingly differentiated with a gradual shift in focus on second- to third-tier cities. In the first half of 2011, saleable area in third-tier cities nationwide accounted for 65.2%[1] of the saleable area in China.

Under such changing policies and market environment, the Group firmly adhered to the philosophy of "forward-looking strategy and steady operation", actively followed the macroeconomic control trends, strengthened the intensive corporate management and optimized the operating model of premium standardized housing. A number of key indicators continued to record substantial growth. During the period under review, the Group achieved contracted sales amount of RMB42.32 billion, an increase of 101.7% over the corresponding period last year. The GFA of contracted sales was 6.117 million square meters, ranking first[2] nationwide and representing a period-on-period growth of 83.2%. Total revenue amounted to RMB32.06 billion, of which revenue from the property development segment amounted to RMB31.69 billion, an increase of 56.5% over the corresponding period last year. Total cash (including cash and cash equivalent and restricted cash) amounted to RMB28.69 billion as at the end of the period under review, representing an increase of 43.8% from RMB19.95 billion as at the end of 2010. The GFA of our land reserve was approximately 135.39 million square meters, and the average cost of land reserve was approximately RMB617 per square meter. The land premium payable during the second half of 2011 is expected to be approximately RMB16.23 billion. Area under constructions and saleable GFA were approximately 31.651 million square meters and 31.567 million square meters respectively.

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[1] Source: "Market Review of the PRC Property Market for 1H2011 and Outlook for 2H2011" issued by World Union.

[2] Source: Top 30 PRC Real Estate Enterprises for 1H2011 in terms of Sales jointly issued by China Real Estate Information, China Real Estate Information Corporation and China Real Estate Assessment Center.

Chairman's Statement (continued)

We focused on second- and third-tier cities and acquired abundant quality of low-cost land reserve so that our leading industry position would be increasingly reinforced. During the period under review, capitalizing on the merger and acquisition opportunities present from the austerity policies, the Group swiftly leveraged on its abundant cash flow and continued to focus on second- and third-tier cities to acquire sizable quality land reserves at low costs in a flexible and diversified manner. During the period under review, the Group acquired 70 new land plots and the GFA of these newly acquired land plots was 48.971 million square meters, covering 58 high-growth potential cities, including Chongqing, Tianjin, Chengdu, Harbin, Lanzhou, Changchun, Zhenjiang, Foshan and Dongguan. 11 of which are second-tier cities and 46 of which are third-tier cities. During the period under review, the cost of newly acquired land plots was approximately RMB664 per square meter.

As at 30 June 2011, the Group held land reserve of total GFA of 135 million square meters across 101 cities in the PRC, with total number of projects of 181. The average cost of our land reserve was approximately RMB617 per square meter, of which cost of our land reserve in third-tier cities was approximately RMB483 per square meter, which was relatively low as compared with industry peers. Leverage on its forward-looking strategy, the Group has firmly captured the growth opportunities and substantially completed the nationwide strategic layout during the first half of the year, at the same time replicating the success of the existing core cities in the third-tier cities. The Board believes that our nationwide project distribution and comprehensive regional strategic layout will increase our comparative strengths, enhance the effect of our strategies vertically and horizontally, and further increase our ability to sustain development.

Chairman's Statement (continued)

Adhering to "residential housing", contracted sales set new record over the past corresponding periods and area of contracted sales ranked first in China during the period under review. Adhering to the concept of "residential housing" and leveraging on its strong cost control ability, the Group offered premium quality products at competitive prices to cater for the market needs. Faced with such severe macroeconomic control environment such as purchase restriction, lending restriction, price limitation and social and economic housing expansion, the Group continued to focus on the development in second- and third-tier cities. Riding on the high quality of our premium products and our flexible pricing policy, we were able to achieve good results during the market's downcycle. During the period under review, the Group's accumulated contracted sales amount was RMB42.32 billion, representing a period-on-period increase of 101.7%. The GFA of contracted sales was 6.117 million square meters, representing a growth of 83.2% over the corresponding period last year. Average price of our contracted sales was RMB6,918 per square meter, representing a period-on-period increase of 10.1%. 94.1% of the contracted sales amount came from second-tier and third-tier cities such as Changsha, Chongqing, Taiyuan, Chengdu, Wuhan and Shenyang, covering a comprehensive range of products of the Group from high-end, mid-end, mid-to high-end properties and tourism-related properties.

During the period under review, the Group commenced pre-sale of 33 new projects in 29 second- and third-tier cities, including Shenyang, Chengdu, Chongqing, Jinan, Tianjin, Shijiazhuang, Zhongshan and Baotou. Accumulated number of projects for sale was 89, scattered across 49 cities in China.

As at 30 June 2011, the Group completed 60.5% of the annual contracted sales target of RMB70.0 billion. In the contracted sales amount of RMB42.32 billion we achieved during the Period, RMB30.06 billion or 71% was contributed by the 56 existing projects at the end of 2010, the average contribution of each project was RMB537 million. The remaining RMB12.26 billion or 29% was contributed by the 33 new projects launched in the first year of 2011, the average contribution of each project was RMB372 million. As at 30 June 2011, Group had a total of 92 projects yet to be launched for sale, the majority of which are expected to be launched successively in the second half of the year, providing sufficient supply to further enhance our excellent operating results to the next level.

Area under construction was 31.651 million square meters and area of properties delivered was 4.995 million square meters, leading its industry peers in terms of construction size and speed. During the period under review, the Group devoted its efforts consistently to standardize its operation, and continued to implement the rapid development model. A number of projects were launched within 6 months after the land was acquired. The Group again set new records in terms of area of projects delivered and sales amount over the past corresponding periods. During the six months ended 30 June 2011, the Group delivered properties with a transaction value of RMB31.69 billion, representing a period-on-period increase of 56.5%. The GFA of properties delivered was 4.995 million square meters, representing a period-on-period increase of 28%. Given the unprecedented transaction volume in the first half of the year, the Group further strengthened the quality control prior to delivery and customer services after delivery, and further enhanced customers' satisfaction through improving its quality control system. During the period under review, area under construction of new projects was 14.390 million square meters and number of projects under construction was 111, of which 90 projects have obtained the pre-sale permit. Area under construction was approximately 31.651 million square meters. Number of projects yet to be launched for sale was 92. Our large-scale construction development and saleable area allowed us to be well prepared for the next phase that would generate revenue from the delivery of properties and contracted sales.

Chairman's Statement (continued)

Continuous expansion of the premium strategic alliance to effectively offset the pressure on rising costs. As at the end of the period under review, the Group had over 300 domestic and international renowned brands in our alliance, engaging in the entire process of property development ranging from project planning and design, construction of main structure, landscape building to decorative construction materials. Through bulk procurement from the premium strategic alliance and with the long-term partnership established over the years, 103 renovation material suppliers of the Group, accounting for 63.2% of the total supply of renovation material, reduced the price as compared to last year. In spite of the rising costs of commodities, the Group's cost of renovation material procurement throughout 2011 is expected to decrease slightly.

The Group also further optimized the standardized procurement platform to cope with the rising price of raw materials. Through strict assessment of the monthly material procurement plan, an optimal reserve amount is determined for different types of raw materials according to the progress of the projects of the Group. In the first half of the year, the general discrepancy rate of the material plans for each project was maintained at below 10%, allowing the Group to fully control the material consumption and warehouse costs, whilst effectively controlling the cost of materials.

Prudent financial policy of "Cash is king" was adopted. Abundant cash flow was maintained in a forward-looking manner to ensure security of funds. Given a number of interest rate rises and consecutive increases in deposit reserve ratio by the central bank and tightening market liquidity, the Group coped with these calmly through exploring diversified financing channels. In January 2011, the Group successfully issued RMB5.55 billion RMB-denominated US$-settled due 2014 and RMB3.70 billion RMB-denominated US$-settled due 2016 senior notes with a total issue size of RMB9.25 billion. The interest rate was close to that of onshore construction loans which was consecutively raised this year and borrowing cost was effectively controlled.

In adherence to prudent financial policy, the Group established a balanced financial model to cater for the critical elements required for corporate development including land, construction, pre-sale and financing, and implemented a monthly review cash flow plan according to the actual operating conditions to ensure financial security. As at the end of the period under review, the Group had total cash of RMB28.69 billion, representing an increase of 43.8% from RMB19.95 billion as at the end of 2010. The unutilized bank facilities were RMB32.71 billion. Available funds amounted to RMB61.40 billion. The Group also adopted effective measures to expand the scale of sales and strengthen the recovery of sales amount. In the first half of the year, the Group had contracted sales amount of RMB42.32 billion. The Board believes that, sound financial management policies and abundant financial resources were sufficient to enhance the steady and yet fast growth of the Group's businesses.

Chairman's Statement (continued)

BUSINESS OUTLOOK

The Board considers that the existing austerity measures on real estate industry are increasingly normal. It is expected that, in the second half of the year, policies on purchase restriction, lending restriction, price limitation and affordable housing expansion will be strengthened and reinforced. At the same time, the Board does not eliminate the possibility of stricter property austerity measures being implemented. In the meantime, potential supply of housing projects nationwide is expected to increase gradually in the second half of the year, alongside with possible overall intensity market competition.

The Board also noted that the central government has, for a number of times, implemented austerity measures on the property market since 2004. Such measures have not only profoundly affected the industry trends and competition layout, but also generated new opportunities for the Group. Over the past few years, the Group has been competing, growing and excelling its performance under such constant austerity measures, and has gradually developed itself as a leader of premium standardized properties in China. It is the firm belief of the Group that the purpose and direction of these austerity measures are to allow property prices to return to its normal level, cope with the demand for own use, regulate the order of the industry, guide industry integration and structural adjustment. Moreover, the fundamental factors that support the long-term promising prospects of the property industry in China remain unchanged. In terms of strategically forward-looking and firmly founded enterprises, macroeconomic control implies the pushing ahead of industry integration at full, alongside with increasing market concentration and boundless new opportunities and growth potentials.

Based on the foregoing, the Board remains highly confident of the growth prospects of the industry and will continue to formulate the next round of systematic growth strategies based on its forward-looking approach.

LAND RESERVE

Based on the new land reserve of 48.971 million square meters during the period under review, the nationwide strategic layout was substantially completed. In the second half of the year, the Group will moderately adjust the pace of land acquisition to maintain a dynamic balance in the total land reserve with its existing land reserve of 135 million square meters in accordance with the principle of "replenishment based on consumption".

In the second half of the year, the Group will refocus on development and construction of newly acquired projects in order to commence sales within 6 months upon acquisition and recognize the revenue from qualified properties delivered during the year. In the meanwhile, the Group will closely monitor the high growth cities and regions with beautiful scenery, good planning, high accessibility and high land appreciation potential within the cities, and select a few quality land plots for replenishment with a view to enhancing the Group's profit margin of products and its profitability.

Chairman's Statement (continued)

CONTRACTED SALES

In the second half of the year, following the trend of austerity measures whilst maintaining reasonable growth and efficiency, the Group will focus on the marketing of mid- to high-end high quality products for own use in second- and third-tier cities. In the second half of the year, the Group intends to launch most of the projects out of the 92 projects yet to be launched for sale, and the new projects to be launched are all located in second- and third-tier cities, of which over 60% of the new projects to be launched are in third-tier cities. The annual contracted sales amount in third-tier cities is expected to account for approximately 40% of the total sales of the Group in 2011. High quality premium products as well as flexible and practical pricing strategies will be the focus of the Group's sales activities in the second half of the year in face of a series of austerity policies and unforeseeable market movements.

COMMERCIAL PROPERTIES

Given our acute insights and profound view on the progress of urbanization in China and industry growth trends, the Board strived to develop landmark urban complex under successful operation of housing business and sound financial conditions so as to diversify the sustainable development of the industry.

The Group will actively explore to establish a nationwide organization structure for commercial property management and operation. On the basis of integrating existing commercial properties resources such as hotels and commercial centers, the Group will seize the right opportunities and prudently acquire quality land plots in core cities and regions, whilst kick off the plan design, development and operation of landmark urban complex. In addition, the Group also works closely with the world's well-known architectural planning and design institutes to explore new business areas at a higher level with an aim to develop such businesses into one of the strategic core segments of the Group in the future.

FINANCIAL RESOURCES

The Group will continue to maintain steady financial policies and exercise tight control over costs. At the same time, land premium paid for the Group's existing land reserve amounted to RMB57.42 billion and accumulated land premium of RMB37.14 billion was outstanding. Of which, land premium of RMB16.23 billion will be payable in the second half of 2011 and land premium of RMB17.51 billion will be payable within 2012 under the agreement, and the remaining of RMB3.40 billion will be payable within and beyond 2013. 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 Company will be ensured.

Chairman's Statement (continued)

PROSPECTS

The Board believes that Evergrande is also experiencing an unprecedented historical breakthrough in the course of development and reform like the economy of China and the property market. We will continue to adhere to the development direction of "new start, new concept, new thinking and new standards", implement intensive corporate management and focus on team branding. Leverage on our forward-looking strategies, abundant quality low-cost land reserve, strong development capacity, extensive marketing experience, strong brand and funding capabilities, the Group will continue to consolidate its leading position in the premium standardized real estate industry in China in a proactive and determined manner with a view to maximizing the value for the community and shareholders.

ACKNOWLEDGEMENT

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

Hui Ka Yan
Chairman

Hong Kong, 30 August 2011

Management Discussion and Analysis

OVERALL PERFORMANCE

The Group recorded a revenue of RMB32.06 billion in the Period (corresponding period of 2010: RMB20.37 billion), representing a period-on-period growth of 57.4%. Gross profit amounted to RMB11.24 billion (corresponding period of 2010: RMB4.95 billion), an increase of 127.1% over the corresponding period last year. Profit attributable to shareholders was RMB5.70 billion (corresponding period of 2010: RMB2.33 billion), representing an increase of 144.6% compared with corresponding period last year. Basic earnings per share amounted to RMB0.38 (corresponding period of 2010: RMB0.16), representing a period-on-period increase of 137.5%.

Total shareholders' equity of the Group as at 30 June 2011 was RMB27.42 billion (31 December 2010: RMB20.64 billion), an increase of 32.8% from the end of last year. Net book value per share as at 30 June 2011 was RMB1.83 (31 December 2010: RMB1.38), an increase of 32.6% from the end of last year.

REVENUE

Revenue of the Group for the period under review amounted to RMB32.06 billion, a growth of 57.4% compared with the corresponding period of last year, of which revenue generated from property development segment amounted to RMB31.69 billion, representing a period-on-period growth of 56.5%. Revenue generated from property management services in the Period was RMB0.12 billion, representing an increase of 140.0% compared with the corresponding period last year. Revenue generated from investment properties and other business in the Period amounted to RMB0.25 billion, an increase of 257.1% from the corresponding period last year.

GROSS PROFIT

Gross profit of the Group for the Period amounted to RMB11.24 billion, an increase of 127.1% compared with the corresponding period of last year, which was mainly due to a remarkable increase in the area and average price of properties delivered during the period under review. Gross profit margin was 35.1%, up approximately 10.8 percentage points compared with the corresponding period last year, which was benefited from our stringent cost control advantage, with which, the increase of unit cost was slight during the period under review, which was much less than the growth of the price of properties delivered.

SELLING AND MARKETING COSTS

During the period under review, selling and marketing costs of the Group rose from RMB0.8 billion for the corresponding period in 2010 to RMB1.27 billion, 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 during the period under review. During the period under review, selling and marketing costs accounted for 4.0% of the revenue, close to that for the corresponding period of 2010.

Management Discussion and Analysis (continued)

ADMINISTRATIVE EXPENSES

During the period under review, administrative expenses of the Group increased by RMB0.4 billion to RMB0.94 billion from RMB0.54 billion for the corresponding period in 2010, which was mainly due to our continued expansion of business throughout China, substantial increase in operating results during the period under review and the substantial increase in the number of employees and their remuneration.

FINANCIAL REVIEW

Borrowings

As of 30 June 2011, the borrowings of the Group amounted to RMB50.75 billion with the following maturity periods:

	30 June 2011 (RMB billion)	As a percentage of total borrowings	31 December 2010 (RMB billion)	As a percentage of total borrowings
Less than 1 year	9.23	18.2%	7.0	22.5%
1–2 years	13.94	27.5%	4.85	15.6%
2–5 years	26.70	52.6%	19.31	61.9%
More than 5 years	0.88	1.7%	—	—
	50.75	100%	31.16	100%

As at 30 June 2011, RMB33.12 billion borrowings are denominated by RMB and carry floating rate interests, the remaining RMB17.63 billion 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 2011, only approximately 18.2% of the loans had to be repaid within one year.

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 equity capital 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.

Liquidity

As at 30 June 2011, the total amount of cash and cash equivalents and restricted cash was RMB28.69 billion, and together with the unutilized banking facilities of RMB32.71 billion,. The abundant working capital provided great financial support for our quest for the best business opportunities and speedy support.

Management Discussion and Analysis (continued)

Financial Leverages

The Group maintained a sound financial position. As of 30 June 2011, the Group's total borrowings to total assets ratio was 34.3% (31 December 2010: 29.8%). Net debt ratio (the ratio of net borrowings[1] to total equity) was 75.4% (31 December 2010: 52.5%). The total borrowings to annualized profit before fair value gains on investment properties, depreciation, interest and income tax expenses ratio was 2.6 times (30 June 2010: 2.6 times) and the interest coverage was 5.6 times (30 June 2010: 5.6 times). Despite our active approach to extend borrowing size to reinforce our cash position during the first half of 2011 to cope with the tightening market liquidity which led an increase of gearing ratio, our profit grew at a relatively fast rate, which effectively utilised the leverage of borrowings. Meanwhile, our profitability relative to total borrowings size remained at a sound level.

Contingency

As at 30 June 2011, the Group arranged bank financing for several property buyers and provided a buy-back guarantee in relation to the repayment obligations of approximately RMB31.15 billion for those buyers. The Group had not suffered from significant loss resulting from the above guarantee in the past, which was mainly because the guarantee concerned was only a transitional arrangement for property buyers prior to the completion of mortgage registration and was pledged against property rights, in addition to the fact that it will be removed once the mortgage registration is completed. Considering the above factors, the Board is of the view that buyers' arrears are unlikely and thus no provision will be required for this.

LAND RESERVE

During the Period, capitalizing on the merger and acquisition opportunities from the austerity policies, the Group swiftly leveraged on its abundant cash flow and continued to focus on second- and third-tier cities to acquire sizable quality land reserves at low costs in a flexible and diversified manner. As at 30 June 2011, the Group held land reserve of total GFA of 135 million square meters across 101 cities in the PRC, with total number of projects of 181 (see Overview of Land Reserve of the Group). The average cost of our land reserve was approximately RMB617 per square meter, of which cost of our land reserve in third-tier cities was approximately RMB483 per square meter, which was relatively low as compared with industry peers. As at the end of the Period, the Group had an accumulated land premium of RMB94.56 billion of which RMB57.42 billion was settled and RMB37.14 billion remained outstanding of which, land premium of RMB16.23 billion is expected to be payable during the second half of 2011 and land premium of RMB17.51 billion will be payable within 2012, and the remaining of RMB3.40 billion will be payable within and beyond 2013.

During the Period, the Group acquired 70 new land plots and the GFA of these newly acquired land plots was 48.971 million square meters, covering 58 high growth potential cities including Chongqing, Tianjin, Chengdu, Harbin, Lanzhou, Changchun, Zhenjiang, Foshan and Dongguan. 46 of which are third-tier cities. During the Period, the cost of newly acquired land plots was approximately RMB664 per square meter.

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[1] Net borrowings equal to total borrowings after deducting cash and cash equivalents and restricted cash

Management Discussion and Analysis (continued)

Distribution of newly acquired land reserve of the Group as at 30 June 2011

No.	Province	Number of projects (No./Province)	Site area (Square meters)	Total land reserve (Square meters)	Percentage to total newly acquired land reserve (%)
1.	Guangdong Province	8	4,244,268	8,197,987	16.74%
2.	Anhui Province	6	1,531,537	4,538,588	9.27%
3.	Jiangsu Province	7	1,334,495	4,410,070	9.01%
4.	Shandong Province	3	1,384,627	3,417,129	6.98%
5.	Liaoning Province	4	839,385	3,247,496	6.63%
6.	Gansu Province	2	728,085	2,597,707	5.30%
7.	Guangxi Zhuang Autonomous Region	3	690,396	2,469,428	5.04%
8.	Sichuan Province	3	919,376	2,382,639	4.87%
9.	Heilongjiang Province	4	871,911	2,195,567	4.48%
10.	Shanxi Province	4	575,320	1,940,849	3.96%
11.	Shaanxi Province	3	467,564	1,796,978	3.67%
12.	Xinjiang Uyghur Autonomous Region	1	1,463,237	1,501,929	3.07%
13.	Hunan Province	3	412,677	1,344,330	2.75%
14.	Inner Mongolia Autonomous Region	2	382,623	1,196,899	2.44%
15.	Jiangxi Province	2	440,994	1,148,459	2.35%
16.	Guizhou Province	2	397,127	1,035,492	2.11%
17.	Jilin Province	2	307,461	902,162	1.84%
18.	Chongqing City	2	295,959	793,009	1.62%
19.	Ningxia Hui Autonomous Region	1	227,964	684,661	1.40%
20.	Tianjin City	2	503,188	681,566	1.39%
21.	Hubei Province	1	201,503	587,917	1.20%
22.	Hebei Province	1	666,667	573,870	1.17%
23.	Qinghai Province	1	138,355	569,736	1.16%
24.	Zhejiang Province	1	115,355	360,376	0.74%
25.	Hainan Province	1	209,904	239,952	0.49%
26.	Yunnan Province	1	46,273	156,163	0.32%
	Total	70	19,396,253	48,970,959	100.00%

Management Discussion and Analysis (continued)

Distribution of land reserve of the Group as at 30 June 2011

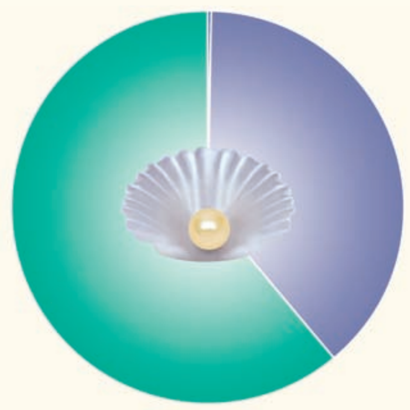
No.	Province	Number of projects (No./Province)	Site area (Square meters)	Total GFA (Square meters)	Total land reserve (Square meters)	Percentage to total land reserve (%)
1.	Liaoning Province	15	4,551,301	16,755,853	15,260,134	11.27%
2.	Jiangsu Province[1]	13	7,388,478	15,420,115	14,906,257	11.01%
3.	Guangdong Province	18	7,814,178	15,539,426	12,628,332	9.33%
4.	Sichuan Province	12	5,972,803	10,784,493	8,909,019	6.58%
5.	Shandong Province	7	3,370,909	7,984,309	7,721,738	5.70%
6.	Henan Province	7	2,336,872	7,975,243	7,510,260	5.55%
7.	Anhui Province	10	2,586,934	7,921,110	7,200,541	5.32%
8.	Hebei Province	6	2,579,088	6,112,674	5,540,638	4.09%
9.	Hunan Province	10	1,961,685	6,592,739	4,975,130	3.67%
10.	Gansu Province	4	1,826,778	4,917,415	4,917,415	3.63%
11.	Jiangxi Province	6	3,401,803	5,141,044	4,868,462	3.60%
12.	Hubei Province	7	3,441,846	6,161,268	4,810,390	3.55%
13.	Shanxi Province	9	1,996,118	5,748,596	4,604,047	3.40%
14.	Guizhou Province	5	1,333,490	4,388,525	4,074,841	3.01%
15.	Chongqing City	9	2,459,676	6,168,520	3,792,031	2.80%
16.	Guangxi Zhuang Autonomous Region	4	1,031,845	3,282,338	3,282,338	2.42%
17.	Jilin Province	7	1,044,796	3,256,280	3,256,280	2.41%
18.	Shaanxi Province	5	837,210	3,133,885	2,639,650	1.95%
19.	Hainan Province	4	1,623,418	2,483,442	2,453,222	1.81%
20.	Tianjin City	5	3,352,652	2,817,560	2,335,161	1.72%
21.	Inner Mongolia Autonomous Region	4	1,008,553	2,679,484	2,314,417	1.71%
22.	Heilongjiang Province	4	871,911	2,195,567	2,195,567	1.62%
23.	Ningxia Hui Autonomous Region	3	619,031	1,960,719	1,960,719	1.45%
24.	Xinjiang Uyghur Autonomous Region	1	1,463,237	1,501,929	1,501,929	1.11%
25.	Yunnan Province	3	784,625	1,254,520	668,688	0.49%
26.	Qinghai Province	1	138,355	569,736	569,736	0.42%
27.	Zhejiang Province	1	115,355	360,376	360,376	0.27%
28.	Shanghai City	1	32,970	132,840	132,840	0.10%
	Total	181	65,945,918	153,240,006	135,390,160	100.00%

1. Based on the Municipal Government's Reply on the Revision of Detailed Planning of the Controllability of Evergrande Venice, North Shanghai, Qidong City (《市政府關於對啟東市北上海恒大威尼斯水城控制性詳細規劃修改的批覆》) issued by the People's Government of Jidong City on 19 August 2011, the Municipal Government of Qidong approved the draft document of Qidong City — Revision of Detailed Planning of the Controllability of Evergrande Venice, North Shanghai, Qidong City (《啟東市—北上海恒大威尼斯水城控制性詳細規劃(修訂)》) submitted by the People's Government of Yinyang Town, pursuant to which the GFA of the project was revised to 6,988,460 m^2, so as to increase the percentage of low-density residential housing and generate better returns.

Management Discussion and Analysis (continued)

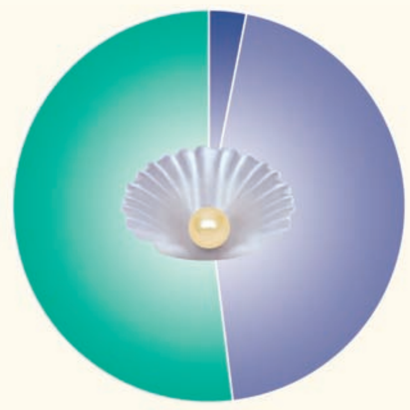
Distribution of Land Reserve GFA

Land reserve in first-tier cities (sq.m.)	528,820	0.4%
Land reserve in second-tier cities (sq.m.)	52,073,060	38.5%
Land reserve in third-tier cities (sq.m.)	82,788,280	61.1%
Total	**135,390,160**	**100%**



Regional distribution of projects

Number of projects in first-tier cities	6	3.3%
Number of projects second-tier cities	81	44.8%
Number of projects in third-tier cities	94	51.9%
Total	**181**	**100%**



Leverage on its forward-looking strategy, the Group has firmly captured the growth opportunities and substantially completed the nationwide strategic layout during the first half of the year, at the same time replicating the success of the existing core cities in the third-tier cities. Our nationwide project distribution and comprehensive regional strategic layout will increase our comparative strengths, enhance the effect of our strategies vertically and horizontally, and further increase our ability to sustain development.

Management Discussion and Analysis (continued)

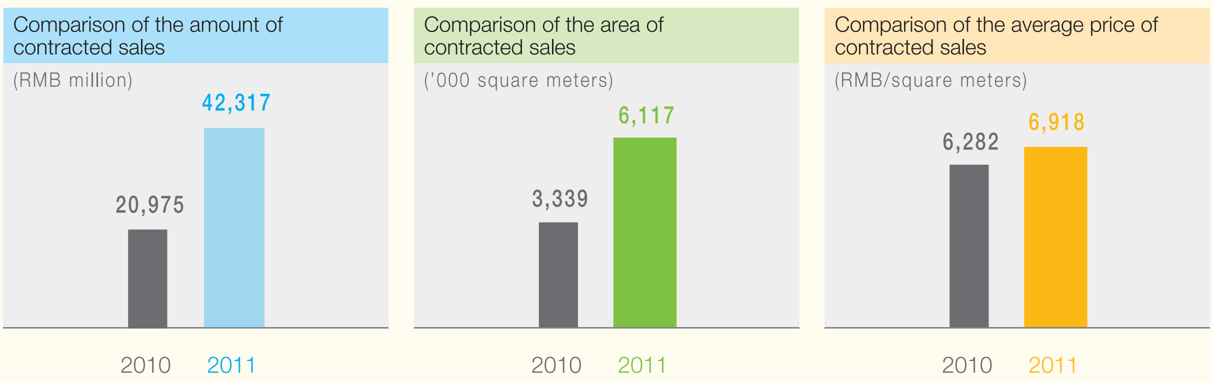
CONTRACTED SALES

The Group has been focusing on the development in second- and third-tier cities. Riding on the high quality of our premium products and our flexible pricing policy, we were able to achieve good results during the market's downcycle.

During the Period, the Group's accumulated contracted sales amount was RMB42.32 billion, representing a period-on-period increase of 101.7%. The area of contracted sales was 6.117 million square meters, representing a growth of 83.2% over the corresponding period last year. Average price of our contracted sales was RMB6,918 per square meter, representing a period-on-period increase of 10.1%. 94.1% of the contracted sales amount came from second-tier and third-tier cities such as Changsha, Chongqing, Taiyuan, Chengdu, Wuhan and Shenyang, covering a comprehensive range of products of the Group from high-end, mid-end, mid-to high-end properties and tourism-related properties. As at 30 June 2011, the Group completed 60.5% of the annual contracted sales target of RMB70.0 billion.

During the Period, the Group commenced pre-sale of 33 new projects in 29 second- and third-tier cities, including Shenyang, Chengdu, Chongqing, Jinan, Tianjin, Shijiazhuang, Zhongshan and Baotou. Accumulated number of projects for sale was 89, scattered across 49 cities in China. In the contracted sales amount of RMB42.32 billion we achieved during the Period, RMB30.06 billion or 71% was contributed by the 56 existing projects at the end of 2010, the average contribution of each project was RMB537 million. The remaining RMB12.26 billion or 29% was contributed by the 33 new projects launched in the first year of 2011, the average contribution of each project was RMB372 million. As at 30 June 2011, Group had a total of 92 projects yet to be launched for sale, the majority of which are expected to be launched successively in the second half of the year, providing sufficient supply to further enhance our excellent operating results to the next level.

Comparison of contracted sales from January to June 2011 vs the corresponding period of 2010



Management Discussion and Analysis (continued)

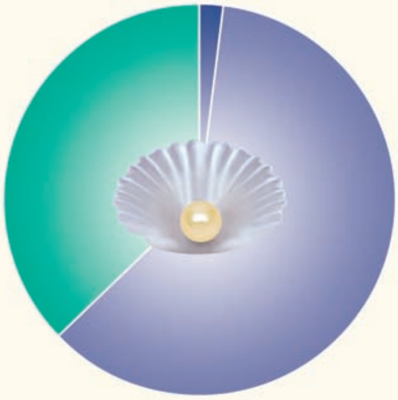
Regional distribution of contracted sales amount during the Period

No		Region	Amount (RMB)	Proportion
1		Guangdong region	5,307,322,069	12.5%
2		Hebei region	4,245,188,913	10.0%
3		Hunan region	3,770,441,412	8.9%
4		Liaoning region	3,642,629,919	8.6%
5		Chongqing region	3,182,612,492	7.5%
6		Shandong region	2,862,228,297	6.8%
7		Sichuan region	2,496,319,216	5.9%
8		Hubei region	2,173,217,828	5.1%
9		Anhui region	2,155,445,547	5.1%
10		Henan region	2,100,000,181	5.0%
11		Shaanxi region	1,465,052,547	3.5%
12		Shanxi region	1,409,569,694	3.3%
13		Tianjin region	1,290,980,464	3.1%
14		Jiangsu region	1,272,201,976	3.0%
15		Jiangxi region	993,048,982	2.3%
16		Hainan region	923,721,730	2.2%
17		Inner Mongolia region	800,215,240	1.9%
18		Guizhou region	771,304,061	1.8%
19		Yunnan region	753,188,020	1.8%
20		Jilin region	586,562,637	1.4%
21		Guangxi region	116,100,628	0.3%
		Total	**42,317,351,853**	**100.0%**

94.1% of the contracted sales amount came from second-tier and third-tier cities such as Changsha, Chongqing, Taiyuan, Chengdu, Wuhan and Shenyang, covering a comprehensive range of products of the Group from high-end, mid-end, mid- to high-end properties and tourism-related properties.

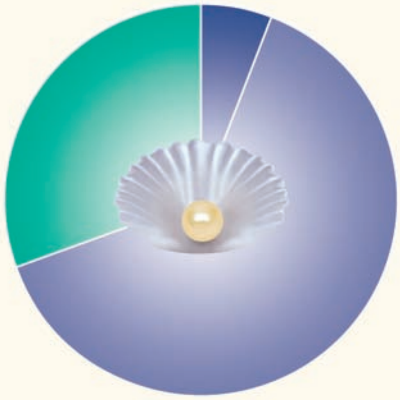
Management Discussion and Analysis (continued)

Distribution of number of projects for sale by city type (%)



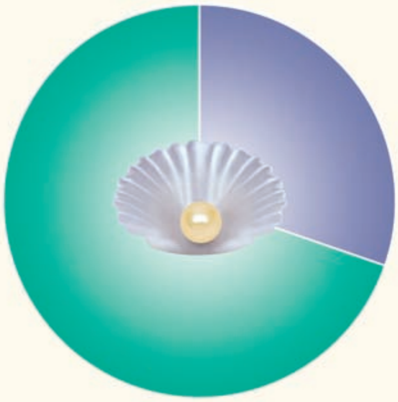
First-tier cities: 2 projects	2.2%
Second-tier cities: 54 projects	60.7%
Third-tier cities: 33 projects	37.1%

Distribution of contracted sales amount by city type (%)



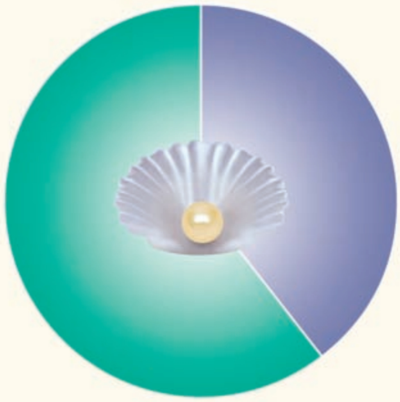
Contracted sales amount projects in first-tier cities: RMB2.50 billion	5.9%
Contracted sales amount projects in second-tier cities: RMB27.01 billion	63.8%
Contracted sales amount projects in third-tier cities: RMB12.81 billion	30.3%

Distribution of number of newly launched projects by city type (%)



Second-tier cities: 10 projects	30.3%
Third-tier cities: 23 projects	69.7%

Distribution of contracted sales amount of newly launched projects by city type (%)



Contracted sales amount of projects in second-tier cities: RMB4.85 billion	39.6%
Contracted sales amount of projects in third-tier cities: RMB7.41 billion	60.4%

Management Discussion and Analysis (continued)

As at 30 June 2011, the Group completed 60.5% of the annual contracted sales target of RMB70.0 billion. In the contracted sales amount of RMB42.32 billion we achieved during the Period, RMB30.06 billion or 71% was contributed by the 56 existing projects at the end of 2010, the average contribution of each project was RMB537 million. The remaining RMB12.26 billion or 29% was contributed by the 33 new projects launched in the first year of 2011, the average contribution of each project was RMB372 million.

PROPERTY DEVELOPMENT

During the Period, the Group had a total of 60 projects completed which were situated in 19 major cities in China with a completed GFA of 6.713 million square meters. The status of the completed projects is set out in the following table:

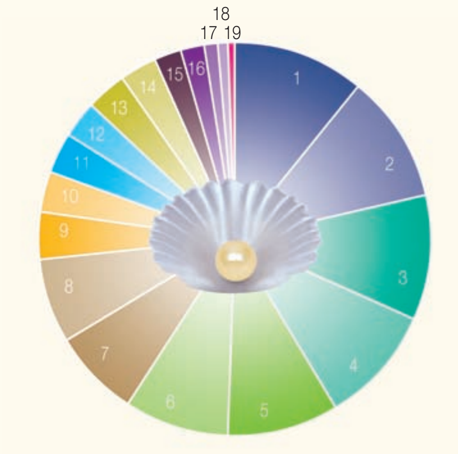
Breakdown of completed projects during the Period

No.	Projects	GFA completed during the first half of 2011
1.	Guangdong Province	686,185
2.	Chongqing City	663,489
3.	Sichuan Province	618,207
4.	Hunan Province	735,498
5.	Hubei Province	469,636
6.	Shaanxi Province	163,332
7.	Anhui Province	210,585
8.	Jiangsu Province	55,552
9.	Guizhou Province	121,324
10.	Yunnan Province	217,442
11.	Liaoning Province	702,105
12.	Tianjin City	70,991
13.	Shanxi Province	478,700
14.	Jiangxi Province	212,170
15.	Shandong Province	262,571
16.	Henan Province	205,767
17.	Inner Mongolia Autonomous Region	236,956
18.	Hebei Province	572,035
19.	Hainan Province	30,220
	Total	6,712,764

Management Discussion and Analysis (continued)

Distribution of Completed GFA during the Period

No		Region	Proportion to GFA completed
1		Hunan Province	11.0%
2		Liaoning Province	10.5%
3		Guangdong Province	10.2%
4		Chongqing Province	9.9%
5		Sichuan Province	9.2%
6		Hebei Province	8.5%
7		Shanxi Province	7.1%
8		Hubei Province	7.0%
9		Shandong Province	3.9%
10		Inner Mongolia Autonomous Region	3.5%
11		Yunnan Province	3.2%
12		Jiangxi Province	3.2%
13		Anhui Province	3.1%
14		Henan Province	3.1%
15		Shaanxi Province	2.4%
16		Guizhou Province	1.8%
17		Tianjin Province	1.1%
18		Jiangsu Province	0.8%
19		Hainan Province	0.5%
		Total	**100.0%**



During the Period, the Group delivered a total of 66 properties with a transaction value of RMB31.69 billion, representing a period-on-period increase of 56.5%. The GFA of properties delivered was 4.995 million square meters, representing a period-on-period increase of 28%. The average price of properties delivered was RMB6,345 per square meter, representing a period-on-period increase of 22.2%.

As at the end of the Period, the Group had 111 projects under construction with a GFA of approximately 31.651 million square meters and a saleable area under construction of 31.567 million square meters.

Management Discussion and Analysis (continued)

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 2011, the Group possessed approximately 400,619 square meters of retail commercial floor area and 33,873 car park spaces. During the Period, we achieved a total rental income of RMB45.56 million, a period-on-period increase of 105.2%; segmental profit was RMB1.39 billion, of which fair value gain of the investment properties amounted to RMB1.34 billion (net profit after tax was approximately RMB1.01 billion).

PROPERTY MANAGEMENT

During the Period, the Group recorded a revenue from property management of RMB0.12 billion, representing a period-on-period growth of 140.0%. 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.

OTHER BUSINESS

During the Period, the Group recorded a total of RMB0.19 billion of revenue generated from other business which mainly represented property construction, football club operation and hotel operation, an increase of 375% from the corresponding period last year, which was mainly attributable to tickets income and advertisement income of the football club.

INVESTOR RELATIONS

The Group strives to establish a two-way interactive relationship with investors. During the Period, the Group has arranged approximately 116 institutional, 268 visitors to visit our property development projects in different locations across China; held 62 teleconferences and face to face conference, communicated with more than 92 investors; The Group has participated in numerous activities held by Merrill Lynch, Citi, Deutsche Bank, Macquarie, CLSA, DBS, J.P. Morgan, etc., had met with 209 investors from 146 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.

Management Discussion and Analysis (continued)

CORPORATE SOCIAL RESPONSIBILITIES

Under the new social and market environment, the Group integrated its awareness on citizenship into the growth strategies more intensively and to a large extent, while continued to take a more proactive approach in undertaking its social responsibilities towards the country, society, customers, staff, business partners and the environment.

In the area of poverty alleviation, the Group worked hand in hand with the government of Tianhe District, Guangzhou and entered into a letter of intent regarding the provision of assistance to designated regions with Zhengguo Town, Zengcheng, pursuant to which the Group undertook to gradually invest RMB245 million in the construction of commercial, hygiene and cultural utility facilities to alleviate the poverty of the local residents. The Group also donated RMB18 million to push ahead the development of the people's livelihood in the minorities region in Qingyuan, Guangdong. At the poverty alleviation event held in Guangdong on 30 June 2011, the Company agreed to make a donation of RMB300 million for relocation and resettlement of migrants in the cold mountain area in Qingyuan and the improvement of living standards of low-income families with financial difficulties based on certain progress in five years.

In the area of sports development, Evergrande Football Club and Evergrande Volleyball Club actively implemented perfect market operation and enterprise management. In addition to setting a role model in introducing top athletes, building reserve team and enhancing backup protection, the Group made positive contributions to enhancing the competitive level of Chinese leagues and the long-term development of the sports industry in China. In April 2011, the Group organized the opening ceremony for 2011 season of Chinese Football Super League and set a new record in size and standard. Evergrande Football Club actively introduced athletes externally and explored new development mechanisms to keep its scores high on the charts. Evergrande Volleyball Club won the first runner-up at the 2010–2011 season of Chinese Women Volleyball League (Grade A) (中國女排甲A聯賽).

Management Discussion and Analysis (continued)

AWARDS

During the Period, the Group again was granted a number of awards. As leader of premium standardized properties in China, the Group was ranked second among the top 500 property development enterprises in China during the first half of 2011 and came first in terms of saleable area of properties in China for the first quarter and the first half of the year. In addition, the Group was ranked second amongst the listed property developers in China in terms of integrated capabilities according to the Assessment Research Report of China's Real Estate Listed Companies (2011中國房地產上市公司測評研究報告).

Moreover, the Group won the "2011 Outstanding Achievements Award" (2011年度卓越成就大獎) and the "2011 Highest Investment Value Real Estate Listed Companies Award" (2011年度最具投資價值地產上市公司大獎) at the "21st Century Bo'ao Real Estate Forum" (博鰲21世紀房地產論壇組委會). The Group was granted the "Golden Cotton Tree Cup for Guangdong Poverty Alleviation" (廣東扶貧濟困紅棉杯金杯) by the Leading Group Office of Poverty Alleviation and Development (廣東省扶貧開發領導小組). The Group won the title of "China's Charity Promoter" (中國慈善推動者) by China Charity & Donation Information Center and "Corporate Social Responsibility Award" at the third Enterprise Credibility Chart in China jointly organized by more than 10 major media bodies in China. The accolades and awards above are evident of the community's high recognition of our operating results, corporate social responsibilities and brand influence.

HUMAN RESOURCES

As of 30 June 2011, the Group had a total of 26,948 employees where approximately 90% of which are graduates with a university degree or above, forming a team of young, highly educated and high quality personnel.

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 2011, total staff cost (including directors' fees) of the Group was approximately RMB1,349 million (corresponding period in 2010: approximately RMB502 million).

Corporate Governance and Other Information

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 2011	Number of share options granted during the period	Number of share options exercised during the period	Number of share options cancelled/ lapsed during the period	Number of share options held as at 30 June 2011
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	525,000,000	–	2,052,000	5,000,000[4]	517,948,000
Total				704,000,000	–	2,052,000	5,000,000	696,948,000

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.

Corporate Governance and Other Information (continued)

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. These options were lapsed due to the resignation of one grantee during the period.

5. 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 2011, the total number of Shares involved in the Pre-IPO Share Option Scheme was 199,999,000 shares, which is equivalent to approximately 1.33% of the Shares issued by of the Company; and

(c) No further options shall be offered or granted starting from the date the Shares are traded on the Stock Exchange.

Corporate Governance and Other Information (continued)

The followings are details of the options granted pursuant to the Pre-IPO Share Option Scheme:

Grantee	Date of grant of options	Exercise period of share options	Number of options held as of 1 January 2011	Number of share options exercised during the period	Number of options cancelled/ lapsed during the period	Number of options not yet exercised on 30 June 2010
Directors	14 October 2009	Note 1	70,000,000	—	—	70,000,000
Other employees	14 October 2009	Note 1	130,000,000	1,000	—	129,999,000
Total			200,000,000		—	199,999,000

Note:

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;

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

DEBENTURE

During the six months ended 30 June 2011, 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.

Corporate Governance and Other Information (continued)

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

As at 30 June 2011, 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	10,144,219,735 (L)	67.63%

Note:

1. Of the 10,144,219,735 Shares held, 9,352,971,497 Shares were held by Xin Xin (BVI) Limited, a company wholly owned by Dr Hui Ka Yan, and 791,248,238 Shares were held by Even Honour Holdings Limited, a company wholly owned by 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.

(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.

Corporate Governance and Other Information (continued)

(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	0.54%
Li Gang	beneficiary owner	50,000,000	0.34%
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.

(iv) Interest on Debentures of the Company

Name of director	Currency of Debentures	Amount of Debentures bought	Amount of debentures in same class in issue
Tse Wai Wah	CNY	1,500,000	3,700,000,000
Lai Lixin	CNY	2,000,000	3,700,000,000

Note: These debentures were bought off exchange

Save as disclosed below, as at 30 June 2011, 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.

Corporate Governance and Other Information (continued)

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS

The Directors or officers of the Company are aware that as at 30 June 2011, 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	10,144,219,735 (L) (Note 1)	67.63%
Xin Xin (BVI) Limited	Beneficiary owner	9,352,971,497 (L) (Note 2)	62.35%
Even Honour Holdings Limited	Beneficiary owner	791,248,238 (L) (Note 3)	

Notes:

1. Of the 10,144,219,735 Shares held, 791,248,238 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.

Corporate Governance and Other Information (continued)

EMPLOYEE AND REMUNERATION POLICIES

As of 30 June 2011, the Group had an aggregate of 26,948 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.

INTERIM DIVIDEND

The Board resolved not to declare an interim dividend.

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

On 19 July 2011, the Company repurchased an aggregate of 110,626,000 Shares. The details of such repurchase are set out below:

Date of repurchase	Number of Shares repurchased	Highest price paid per Share	Lowest price paid per Share	Average price paid per Share	Total amount paid
		HK$	HK$	HK$	HK$
19 July 2011	110,626,000	6.00	5.58	5.927	655,751,877

Save as disclosed above, there was no purchase, sale and re-purchase of any listed securities of the Company by the Company or any of its subsidiaries for the six months ended 30 June 2011.

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 2011.

Corporate Governance and Other Information (continued)

REVIEW OF INTERIM REPORT

The unaudited Condensed Consolidated Financial Information of the Group for the six months ended 30 June 2011 have been reviewed by PricewaterhouseCoopers in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

The Audit Committee of the Board of Directors has also reviewed the Group's interim results for the six months ended 30 June 2011, and discussed with the Company's management regarding review, internal control and other relevant matters.

SECURITIES TRANSACTIONS CONDUCTED BY THE DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issues (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 compliances with the Model Code during the period under review.

Condensed Consolidated Balance Sheet

	Note	30 June 2011 (Unaudited) RMB'000	31 December 2010 (Audited) RMB'000
ASSETS			
Non-current assets			
Property and equipment	7	3,761,914	1,277,297
Land use rights	7	399,531	306,058
Investment properties	7	12,313,436	10,116,643
Properties under development	8	—	454,870
Other receivables		335,055	324,168
Intangible assets	7	124,107	37,218
Deferred income tax assets		290,872	340,225
		17,224,915	12,856,479
Current assets			
Properties under development	8	68,471,507	49,133,585
Completed properties held for sale	9	9,922,436	6,213,078
Financial assets at fair value through profit or loss		126,300	—
Trade and other receivables	10	4,105,709	2,127,822
Prepayments	11	19,223,799	13,964,232
Income tax recoverable		303,368	205,309
Restricted cash	12	11,817,736	7,595,696
Cash and cash equivalents	13	16,869,705	12,356,263
		130,840,560	91,595,985
Total assets		148,065,475	104,452,464
EQUITY			
Capital and reserves attributable to shareholders of the Company			
Share capital	14	1,044,212	1,044,079
Share premium	14	5,956,495	7,853,022
Reserves	15	5,478,870	1,544,576
Retained earnings		14,945,345	10,193,349
		27,424,922	20,635,026
Non-controlling interests		1,828,166	731,199
Total equity		29,253,088	21,366,225

Condensed Consolidated Balance Sheet (continued)

	Note	30 June 2011 (Unaudited) RMB'000	31 December 2010 (Audited) RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	16	41,517,037	24,160,024
Deferred income tax liabilities		2,722,107	1,496,310
		44,239,144	25,656,334
Current liabilities			
Borrowings	16	9,236,183	7,000,110
Trade and other payables	17	35,802,747	21,780,836
Advances from customers		24,122,016	24,081,431
Current income tax liabilities	18	5,412,297	4,567,528
		74,573,243	57,429,905
Total liabilities		118,812,387	83,086,239
Total equity and liabilities		148,065,475	104,452,464
Net current assets		56,267,317	34,166,080
Total assets less current liabilities		73,492,232	47,022,559

The notes on pages 38 to 64 form an integral part of these interim consolidated financial information.

Condensed Consolidated Statement of Comprehensive Income

	Note	Six months ended 30 June 2011 (Unaudited) RMB'000	2010 (Unaudited) RMB'000
Revenue	6	32,058,058	20,366,292
Cost of sales	20	(20,821,335)	(15,419,512)
Gross profit		11,236,723	4,946,780
Fair value gains on investment properties	7	1,344,349	750,554
Other income	19	151,600	58,208
Selling and marketing costs	20	(1,271,762)	(797,900)
Administrative expenses	20	(935,102)	(542,392)
Other operating expenses		(310,461)	(44,240)
Operating profit		10,215,347	4,371,010
Finance income, net	21	198,892	48,314
Profit before income tax		10,414,239	4,419,324
Income tax expenses	22	(4,595,302)	(1,919,253)
Profit for the period		5,818,937	2,500,071
Other comprehensive income		—	—
Total comprehensive income for the period		5,818,937	2,500,071
Attributable to:			
Shareholders of the Company		5,695,597	2,328,682
Non-controlling interests		123,340	171,389
		5,818,937	2,500,071
Earnings per share attributable to shareholders of the Company			
Basic earnings per share (RMB)	23	0.38	0.16
Diluted earnings per share (RMB)	23	0.37	0.15
Dividends	24	—	—

The notes on pages 38 to 64 form an integral part of these interim consolidated financial information.

Condensed Consolidated Statement of Changes in Equity

	Attributable to shareholders of the Company						
	Share capital RMB'000	Share premium RMB'000	Reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
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	–	–	101,413	–	101,413	–	101,413
Dividends	–	(105,000)	–	–	(105,000)	–	(105,000)
Total transactions with owners	–	(105,000)	137,202	(35,789)	(3,587)	–	(3,587)
Balance as at 30 June 2010	1,044,079	7,853,022	1,356,587	4,933,244	15,186,932	466,698	15,653,630
Unaudited:							
Balance as at 1 January 2011	1,044,079	7,853,022	1,544,576	10,193,349	20,635,026	731,199	21,366,225
Total comprehensive income	–	–	–	5,695,597	5,695,597	123,340	5,818,937
Transactions with owners:							
Transfer to statutory reserves	–	–	943,601	(943,601)	–	–	–
Employee share option scheme (note 15(c))	133	5,473	93,561	–	99,167	–	99,167
Dividends (note 24)	–	(1,902,000)	–	–	(1,902,000)	–	(1,902,000)
Acquisition of a subsidiary (note 26)	–	–	–	–	–	661,856	661,856
Capital injection from non-controlling interests	–	–	–	–	–	288,957	288,957
Partial disposal of interest in a subsidiary (note 27)	–	–	2,897,132	–	2,897,132	22,814	2,919,946
Total transactions with owners	133	(1,896,527)	3,934,294	(943,601)	1,094,299	973,627	2,067,926
Balance as at 30 June 2011	1,044,212	5,956,495	5,478,870	14,945,345	27,424,922	1,828,166	29,253,088

The notes on pages 38 to 64 form an integral part of these interim consolidated financial information.

Condensed Consolidated Statements of Cash Flows

	Six months ended 30 June 2011 (Unaudited) RMB'000	2010 (Unaudited) RMB'000
Net cash used in operating activities	**(13,751,826)**	(9,228,100)
Net cash used in investing activities	**(2,209,214)**	(341,881)
Net cash generated from financing activities	**20,493,348**	12,197,215
Net increase in cash and cash equivalents	**4,532,308**	2,627,234
Cash and cash equivalents at the beginning of the period	**12,356,263**	7,333,232
Exchange losses	**(18,866)**	(9,052)
Cash and cash equivalents as at the end of the period	**16,869,705**	9,951,414

The notes on pages 38 to 64 form an integral part of these interim consolidated financial information.

Notes to the Condensed Consolidated Interim Financial Information

1 GENERAL INFORMATION

Evergrande Real Estate Group Limited (the "Company") was incorporated in the Cayman Islands on 26 June 2006 as an exempted company with limited liability under the Companies Law, Cap. 22 (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 and other property development related services 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.

This condensed consolidated interim financial information is presented in Renminbi Yuan ("RMB") thousands, unless otherwise stated. The condensed consolidated interim financial information has been approved for issue on 30 August 2011.

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 2011 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, 'Interim financial reporting'. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2010, 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 2010, as described in those annual financial statements.

Notes to the Condensed Consolidated Interim Financial Information (continued)

3 ACCOUNTING POLICIES *(continued)*

(a) The following revised standard and amendment to existing standard are effective for the financial year beginning 1 January 2011 and relevant to the Group's operation.

- HKAS 24 (Revised), "Related Party Disclosures" is effective for annual period beginning on or after January 2011. It introduces an exemption from all of the disclosure requirements of HKAS 24 for transactions among government related entities and the government.

  It also clarifies and simplifies the definition of a related party.

- Amendment to HKAS 34 'Interim financial reporting' is effective for annual periods beginning on or after 1 January 2011. It emphasises the existing disclosure principles in HKAS 34 and adds further guidance to illustrate how to apply these principles. Greater emphasis has been placed on the disclosure principles for significant events and transactions. Additional requirements cover disclosure of changes to fair value measurement (if significant), and the need to update relevant information from the most recent annual report. The change in accounting policy only results in additional disclosures.

(b) Amendments and interpretations to existing standards effective in 2011 but not relevant to the Group.

- Amendment to HKAS 32 'Classification of rights issues' is effective for annual periods beginning on or after 1 February 2010. This is not currently applicable to the Group, as it has not made any rights issue.

- Amendment to HK(IFRIC)-Int 14 'Prepayments of a minimum funding requirement' is effective for annual periods beginning on or after 1 January 2011. This is not currently relevant to the Group, as it does not have a minimum funding requirement.

- HK(IFRIC)-Int 19 'Extinguishing financial liabilities with equity instruments' is effective for annual periods beginning on or after 1 July 2010. This is not currently applicable to the Group, as it has no extinguishment of financial liabilities replaced with equity instruments currently.

- Third improvements to HKFRS (2010) were issued in May 2010 by the HKICPA, except for amendment to HKAS 34 'Interim financial reporting' as disclosed in note 3(a) and the clarification to allow the presentation of an analysis of the components of other comprehensive income by item within the notes, all are not currently relevant to the Group. All improvements are effective in the financial year of 2011.

Notes to the Condensed Consolidated Interim Financial Information (continued)

3 ACCOUNTING POLICIES *(continued)*

(c) The following new standard and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2011 and have not been early adopted.

- HKFRS 9 'Financial instruments' addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption.

- HKAS 12 (Amendment) 'Deferred tax: Recovery of underlying assets' introduces an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. The amendment is applicable retrospectively to annual periods beginning on or after 1 January 2012 with early adoption permitted.

- HKFRS 7 (Amendment) 'Disclosures — Transfers of financial assets' introduces new disclosure requirement on transfers of financial assets. The amendment is applicable to annual periods beginning on or after 1 July 2011 with early adoption permitted.

The Group is in the process of making an assessment on the impact of these new standard, amendments to existing standards and does not anticipate that the adoption will result in any material impact on the Group's results of operations and financial position.

4 ESTIMATES

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

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2010.

Notes to the Condensed Consolidated Interim Financial Information (continued)

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

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

The interim condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2010.

There have been no changes in the risk management policies.

5.2 Liquidity risk

During the six months ended 30 June 2011, the Group has issued senior notes of RMB9,250 million and raised additional short term and long term bank borrowings. The Group's non-current and current borrowings increased by RMB17,357 million and RMB2,236 million, respectively, during the period.

5.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

Notes to the Condensed Consolidated Interim Financial Information (continued)

5 FINANCIAL RISK MANAGEMENT *(continued)*

5.3 Fair value estimation *(continued)*

The following table presents the Group's assets that are measured at fair value at 30 June 2011.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial asset at fair value through profit or loss	126,300	—	—	126,300
Investment properties	—	12,313,436	—	12,313,436
	126,300	12,313,436	—	12,439,736

The following table presents the Group's assets that are measured at fair value at 31 December 2010.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Investment properties	—	10,116,643	—	10,116,643

During the six months ended 30 June 2011, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities.

During the six months ended 30 June 2011, there were no significant reclassifications of financial assets.

6 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 and other business which mainly included property construction and other property development related 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 income are not included in the result for each operating segment.

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

Notes to the Condensed Consolidated Interim Financial Information (continued)

6 SEGMENT INFORMATION *(continued)*

The segment results and other segment items included in the interim consolidated financial information for the six months ended 30 June 2011 are as follow:

	Property development RMB'000	Property investment RMB'000	Property management services RMB'000	Other businesses RMB'000	Elimination RMB'000	Group RMB'000
Gross segment revenue	31,694,165	51,447	167,924	2,630,531		34,544,067
Inter-segment revenue	—	(5,886)	(44,414)	(2,435,709)		(2,486,009)
Revenue for external customers	31,694,165	45,561	123,510	194,822		32,058,058
Segment results	8,922,006	1,393,224	(46,588)	(112,009)	58,714	10,215,347
Finance income, net						198,892
Profit before income tax						10,414,239
Income tax expenses						(4,595,302)
Profit for the period						5,818,937
Depreciation (note 7)	48,138	—	2,061	22,939	—	73,138
Fair value gains on investment properties	—	1,344,349	—	—	—	1,344,349

The segment results and other segment items included in the interim consolidated financial information for the six months ended 30 June 2010 are as follow:

	Property development RMB'000	Property investment RMB'000	Property management services RMB'000	Other businesses RMB'000	Elimination RMB'000	Group 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 for external customers	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 7)	33,112	—	1,914	12,346	—	47,372
Fair value gains on investment properties	—	750,554	—	—	—	750,554

Notes to the Condensed Consolidated Interim Financial Information (continued)

6 SEGMENT INFORMATION *(continued)*

Segment assets as at 30 June 2011 are as follows:

	Property development RMB'000	Property investment RMB'000	Property management services RMB'000	Other businesses RMB'000	Elimination RMB'000	Group RMB'000
Segment assets	131,496,019	12,313,436	1,144,399	13,526,089	(11,135,008)	147,344,935
Unallocated						720,540
Total assets						148,065,475

Segment assets as at 31 December 2010 are as follows:

	Property development RMB'000	Property investment RMB'000	Property management services RMB'000	Other businesses RMB'000	Elimination RMB'000	Group RMB'000
Segment assets	94,160,717	10,116,643	846,081	6,537,084	(7,753,595)	103,906,930
Unallocated						545,534
Total assets						104,452,464

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, income tax recoverable and financial assets at fair value through profit or loss.

Notes to the Condensed Consolidated Interim Financial Information (continued)

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

	Property and equipment RMB'000	Land use rights RMB'000	Intangible assets RMB'000	Investment properties RMB'000
Six months ended 30 June 2010				
Opening net book amount as at 1 January 2010	395,775	26,768	—	3,130,800
Additions	368,461	—	9,129	610,256
Disposals	(4,972)	—	—	—
Reclassification to land use rights from investment properties	—	36,305	—	(36,305)
Reclassification of investment properties to property and equipment	55,000	—	—	(55,000)
Fair value gains on investment properties	—	—	—	750,554
Depreciation and amortisation charge	(47,372)	(631)	(811)	—
Closing net book amount as at 30 June 2010	766,892	62,442	8,318	4,400,305
Six months ended 30 June 2011				
Opening net book amount as at 1 January 2011	1,277,297	306,058	37,218	10,116,643
Additions	2,503,949	95,887	102,648	1,054,763
Acquisition of a subsidiary (note 26)	56,170	—	—	471,776
Disposals	(2,364)	—	—	—
Reclassification of investment properties to properties under development	—	—	—	(674,095)
Fair value gains on investment properties	—	—	—	1,344,349
Depreciation and amortisation charge	(73,138)	(2,414)	(15,759)	—
Closing net book amount as at 30 June 2011	3,761,914	399,531	124,107	12,313,436

As at 30 June 2011, property and equipment of RMB1,941,490,000 (31 December 2010: RMB174,880,000), land use rights of RMB83,077,000 (31 December 2010: RMB26,265,000), investment properties of RMB3,022,674,000 (31 December 2010: RMB777,417,000), respectively, were pledged as collateral for the Group's borrowings.

Notes to the Condensed Consolidated Interim Financial Information (continued)

8 PROPERTIES UNDER DEVELOPMENT

	30 June 2011 RMB'000	31 December 2010 RMB'000
Properties under development expected to be completed:		
— Within the one operating cycle included under current assets	68,471,507	49,133,585
— Beyond one operating cycle included under non-current assets	—	454,870
	68,471,507	49,588,455
Properties under development include:		
— Construction costs and capitalised expenditures	25,349,957	20,285,057
— Interests capitalised	2,775,227	2,395,684
— Land use rights	40,346,323	26,907,714
	68,471,507	49,588,455

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

As at 30 June 2011, properties under development of approximately RMB12,199,865,000 were pledged as collateral for the Group's borrowings (31 December 2010: RMB10,487,356,000).

As at 30 June 2011, land use rights of RMB1,226,024,000 were pledged as collateral for third parties' borrowings (31 December 2010: RMB194,471,000), which will be released upon the Group's settlement of the remaining considerations for acquisition of the related land use rights amounting to RMB818,815,000.

The capitalisation rate of borrowings for the six months ended 30 June 2011 is 8.56% (for the six months ended 30 June 2010: 8.37%).

Notes to the Condensed Consolidated Interim Financial Information (continued)

9 COMPLETED PROPERTIES HELD FOR SALE

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

As at 30 June 2011, completed properties held for sale of approximately RMB1,817,162,000 (31 December 2010: RMB473,458,000) were pledged as collateral for the Group's borrowings.

10 TRADE AND OTHER RECEIVABLES

	30 June 2011 RMB'000	31 December 2010 RMB'000
Trade receivables (note (a))	1,859,620	949,589
Other receivables	2,246,089	1,178,233
	4,105,709	2,127,822

As at 30 June 2011 and 31 December 2010, 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 2011 RMB'000	31 December 2010 RMB'000
Within 90 days	1,479,028	927,134
Over 90 days and within 180 days	46,729	7,250
Over 180 days and within 365 days	144,203	15,205
Over 365 days	189,660	—
	1,859,620	949,589

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

Notes to the Condensed Consolidated Interim Financial Information (continued)

11 PREPAYMENTS

	30 June 2011 RMB'000	31 December 2010 RMB'000
Prepaid business taxes and other taxes	976,138	762,638
Prepayments	18,247,661	13,201,594
— for acquisition of land use rights	18,037,373	12,795,644
— others	210,288	405,950
	19,223,799	13,964,232

12 RESTRICTED CASH

	30 June 2011 RMB'000	31 December 2010 RMB'000
Guarantee deposits for construction of projects (note (a))	7,525,455	4,998,641
Guarantee deposits for bank acceptance notes and loans (note (b))	3,611,106	2,543,983
Guarantee deposit for land acquisition	408,953	—
Others	272,222	53,072
	11,817,736	7,595,696

(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 and bank loans.

Restricted cash as at 30 June 2011 and 31 December 2010 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.

Restricted cash earns interest at floating daily bank deposit rates.

Notes to the Condensed Consolidated Interim Financial Information (continued)

13 CASH AND CASH EQUIVALENTS

	30 June 2011 RMB'000	31 December 2010 RMB'000
Cash at bank and in hand:		
— Denominated in RMB	12,614,506	11,155,419
— Denominated in other currencies	4,255,199	1,200,844
	16,869,705	12,356,263

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

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

14 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 2010					
Balance as at 1 January 2010	15,000,000	150,000	1,044,079	7,958,022	9,002,101
Dividends	—	—	—	(105,000)	(105,000)
Balance as at 30 June 2010	15,000,000	150,000	1,044,079	7,853,022	8,897,101
Six months ended 30 June 2011					
Balance as at 1 January 2011	15,000,000	150,000	1,044,079	7,853,022	8,897,101
Issue of shares pursuant to the option scheme	2,053	20	133	5,473	5,606
Dividends (note 24)	—	—	—	(1,902,000)	(1,902,000)
Balance as at 30 June 2011	15,002,053	150,020	1,044,212	5,956,495	7,000,707

Notes to the Condensed Consolidated Interim Financial Information (continued)

15 RESERVES

	Merger reserve RMB'000 (note (a))	Other reserves RMB'000	Statutory reserves RMB'000 (note (b))	Capital reserves RMB'000	Employ Share option reserves RMB'000 (note (c))	Total RMB'000
Six months ended 30 June 2010						
Balance at 1 January	(986,474)	1,908,914	282,751	—	14,194	1,219,385
Transfer to statutory reserves	—	—	35,789	—	—	35,789
Employee share option scheme	—	—	—	—	101,413	101,413
Balance at 30 June 2010	(986,474)	1,908,914	318,540	—	115,607	1,356,587
Six months ended 30 June 2011						
Balance at 1 January 2011	(986,474)	1,908,914	318,539	—	303,597	1,544,576
Transfer to statutory reserves	—	—	943,601	—	—	943,601
Partial disposed of interest in a subsidiary (note 27)	—	—	—	2,897,132	—	2,897,132
Employee share option scheme	—	—	—	—	95,056	95,056
Issue of shares pursuant to the option scheme	—	—	—	—	(1,495)	(1,495)
Balance at 30 June 2011	(986,474)	1,908,914	1,262,140	2,897,132	397,158	5,478,870

(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.

Notes to the Condensed Consolidated Interim Financial Information (continued)

15 RESERVES (continued)

(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.

(c) Employee share option reserves

Movements of share options are as follows:

	Number of share options
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
Six months ended 30 June 2011	
Balance at 1 January 2011	**904,000,000**
Exercised during the period	**(2,053,000)**
Lapsed during the period	**(5,000,000)**
Balance at 30 June 2011	**896,947,000**

Notes to the Condensed Consolidated Interim Financial Information (continued)

15 RESERVES *(continued)*

(c) Employee share option reserves *(continued)*

Particulars of share options as at 30 June 2011 and 31 December 2010 are as follows:

Date of grant	Vesting period	Exercise period	Exercise price	Number of shares options 30 June 2011	Number of shares options 31 December 2010
14 October 2009	1 year	5 November 2010– 5 November 2013	HK$3.5	59,599,000	59,600,000
14 October 2009	2 years	5 November 2011– 5 November 2014	HK$3.5	59,600,000	59,600,000
14 October 2009	3 years	5 November 2012– 5 November 2015	HK$3.5	80,800,000	80,800,000
18 May 2010	7 months	31 December 2010– 31 December 2015	HK$2.4	137,748,000	140,800,000
18 May 2010	19 months	31 December 2011– 31 December 2016	HK$2.4	139,800,000	140,800,000
18 May 2010	31 months	31 December 2012– 31 December 2017	HK$2.4	139,800,000	140,800,000
18 May 2010	43 months	31 December 2013– 31 December 2018	HK$2.4	139,800,000	140,800,000
18 May 2010	55 months	31 December 2014– 13 October 2019	HK$2.4	139,800,000	140,800,000
				896,947,000	904,000,000

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

Notes to the Condensed Consolidated Interim Financial Information (continued)

16 BORROWINGS

	30 June 2011 RMB'000	31 December 2010 RMB'000
Borrowings included in non-current liabilities:		
Bank borrowings — secured (note (a))	23,728,110	19,897,200
Senior notes (note (b))	17,632,430	8,750,254
— Senior notes issued in 2010 ("2010 Senior Notes")	8,577,499	8,750,254
— Senior notes issued in 2011 ("2011 Senior Notes")	9,054,931	—
Other borrowings — secured (note (c))	4,589,280	1,284,280
	45,949,820	29,931,734
Less: current portion of long-term borrowings — secured	(4,432,783)	(5,771,710)
	41,517,037	24,160,024
Borrowings included in current liabilities:		
Bank borrowings — secured (note (a))	4,311,500	1,036,500
Current portion of long-term borrowings — secured (note (a))	4,432,783	5,771,710
Other borrowings — secured (note (c))	491,900	191,900
	9,236,183	7,000,110
Total borrowings	50,753,220	31,160,134

(a) Bank borrowings

As at 30 June 2011, the Group's bank borrowings of RMB28,039,610,000 (31 December 2010: RMB22,409,880,000) were secured by its investment properties, properties under development, completed properties held for sale, and cash at bank.

Movements of bank borrowings are analysed as follows:

	Six months ended 30 June	
	2011 RMB'000	2010 RMB'000
Opening amount as at 1 January	20,933,700	14,175,789
Acquisition of a subsidiary (note 26)	660,000	—
Additions of bank borrowings	13,982,299	8,403,731
Repayments of bank borrowings	(7,536,389)	(6,906,660)
Closing amount as at 30 June	28,039,610	15,672,860

Notes to the Condensed Consolidated Interim Financial Information (continued)

16 BORROWINGS *(continued)*

(b) Senior notes

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 2011 were approximately RMB5,908,091,000 (31 December 2010: RMB1,173,408,000).

(i) 2010 Senior Notes

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.

Movements of 2010 Senior Notes recognised are analysed as follows:

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Carrying amount as at 1 January	8,750,254	–
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	17,842	11,154
Exchange gain	(190,597)	(48,285)
Carrying amount as at 30 June	8,577,499	8,949,905

Notes to the Condensed Consolidated Interim Financial Information (continued)

16 BORROWINGS *(continued)*

(b) Senior notes *(continued)*

(ii) 2011 Senior Notes

On 13 January 2011, the Company issued 7.50%, three-year senior notes with an aggregated principal amount of RMB5,550,000,000 and 9.25%, five-year senior notes with an aggregated principal amount of RMB3,700,000,000 at 100% of the face value.

Movements of 2011 Senior Notes recognised are analysed as follows:

	Six months ended 30 June RMB'000
Issuance of senior notes of RMB9,250 million on 13 January 2011, net of issuance costs	9,031,098
Amortisation of issuance costs	23,833
Carrying amount as at 30 June	9,054,931

(c) Other borrowings

During the six months ended 30 June 2011, certain group companies in the PRC which are engaged in development of real estate projects have entered into fund arrangements with certain financial institutions (the "Trustees"), respectively, pursuant to which Trustees raised trust funds and injected the funds to the group companies. The funds bear fixed interests, have fixed repayment terms, and are secured by the properties under development of the group companies and the shares of certain group companies.

Notes to the Condensed Consolidated Interim Financial Information (continued)

17 TRADE AND OTHER PAYABLES

	30 June 2011 RMB'000	31 December 2010 RMB'000
Trade payables	20,431,731	13,459,413
Dividends payable	1,902,000	—
Payables for acquisition of land use rights	8,327,585	4,690,851
Other payables	3,282,628	2,220,332
Accrued expenses	1,138,041	925,603
Other taxes payable	720,762	484,637
	35,802,747	21,780,836

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

	30 June 2011 RMB'000	31 December 2010 RMB'000
Within 90 days	19,554,928	12,677,883
Over 90 days and within 180 days	544,931	511,020
Over 180 days and within 365 days	197,372	137,750
Over 365 days	134,500	132,760
	20,431,731	13,459,413

18 CURRENT INCOME TAX LIABILITIES

The current income tax liabilities are analysed as follows:

	30 June 2011 RMB'000	31 December 2010 RMB'000
Income tax payables		
— PRC corporate income tax payables	969,979	1,988,901
— PRC land appreciation tax payables	4,442,318	2,578,627
	5,412,297	4,567,528

Notes to the Condensed Consolidated Interim Financial Information (continued)

19 OTHER INCOME

	Six months ended 30 June 2011 RMB'000	2010 RMB'000
Interest income from bank deposits	39,802	27,299
Forfeited customer deposits	23,980	7,853
Interest income from non-current receivables	10,887	9,696
Fair value gain on financial assets at fair value through profit or loss	15,600	—
Others	61,331	13,360
	151,600	58,208

20 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 2011 RMB'000	2010 RMB'000
Cost of properties sold	17,945,911	14,080,253
Business tax and other levies (note (a))	1,754,079	1,117,162
Staff costs — including directors' emoluments	1,349,235	501,683
Advertising costs	773,599	399,593
Sales commissions	187,705	230,397
Consultancy fee (note (b))	58,186	40,507
Depreciation	73,138	47,372

(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%

20 EXPENSES BY NATURE *(continued)*

(b) Consultancy fee

The consultancy fee for the six months ended 30 June 2011 are mainly related to market promotion, planning and other consultancy services provided by a real estate consulting firm.

21 FINANCE INCOME, NET

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Interest expenses from borrowings	(1,763,990)	(853,243)
Less: interest capitalised	1,763,990	853,243
Exchange gain	198,892	48,314
	198,892	48,314

22 INCOME TAX EXPENSES

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Current income tax		
— PRC corporate income tax	1,825,993	672,866
— PRC land appreciation tax	2,320,275	883,183
Deferred income tax		
— PRC corporate income tax	449,034	363,204
	4,595,302	1,919,253

Notes to the Condensed Consolidated Interim Financial Information (continued)

22 INCOME TAX EXPENSES *(continued)*

Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (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 during the six months ended 30 June 2011 (six months ended 30 June 2010: 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 2010: 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.

23 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.

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	
	2011	2010
Basic earnings per share (RMB)	0.38	0.16
Diluted earnings per share (RMB)	0.37	0.15

Notes to the Condensed Consolidated Interim Financial Information (continued)

24 DIVIDENDS

The board of directors of the Company resolved not to declare any dividend in respect of the six month ended 30 June 2011 (six months ended 30 June 2010: nil).

A final dividend in respect of 2010 of RMB0.1268 per share totalling RMB1,902,000,000 was declared at the Annual General Meeting of the Company on 27 May 2011.

25 FINANCIAL GUARANTEES

	30 June 2011 RMB'000	31 December 2010 RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the Group's property units	31,154,014	25,451,605

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.

Notes to the Condensed Consolidated Interim Financial Information (continued)

26 BUSINESS COMBINATION

On 21 January 2011, the Group acquired 71% shares in Shenzhen Construction (Group) Co., Ltd. ("SCGC"), at a consideration of RMB1,660,000,000. SCGC is principally engaged in property development and provision of construction services.

Cash consideration	1,660,000
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Cash and cash equivalents	329,361
Trade and other receivables and prepayments	834,018
Financial assets at fair value through profit or loss	90,600
Properties under development	2,992,257
Property and equipment (note 7)	56,170
Investment properties (note 7)	471,776
Deferred income tax assets	13,007
Bank borrowings (note 16(a))	(660,000)
Trade and other payables	(1,266,367)
Current income tax liabilities	(34,754)
Deferred tax liabilities	(504,212)
Total identifiable net assets	2,321,856
Non-controlling interests	(661,856)
	1,660,000
Outflow of cash to acquire business, net of cash acquired	
— cash consideration	1,660,000
— cash and cash equivalents in subsidiaries acquired	(329,361)
Cash outflow on acquisition	1,330,639

26 BUSINESS COMBINATION *(continued)*

(a) Acquired receivables

All trade and other receivables and prepayments are considered collectible.

(b) Non-controlling interests

The Group has chosen to recognise the non-controlling interest to be measured at the proportion of fair value of the identifiable net assets in SCGC, amounting to approximately RMB661,856,000.

(c) Revenue and profit contribution

The acquired business contributed revenues of RMB595,740,000 and net profit of RMB37,377,000 to the Group for the period from 1 February 2011 to 30 June 2011. If the acquisition had occurred on 1 January 2011, consolidated revenue and consolidated profit for the six months ended 30 June 2011 would have been RMB32,280,046,000 and RMB5,817,852,000 respectively.

27 CHANGE IN OWNERSHIP INTERESTS IN SUBSIDIARIES WITHOUT CHANGE OF CONTROL

On 16 May 2011, the Group disposed of 49% of interest in Grandday Group Limited ("Grandday") to a minority shareholder of the Company at a consideration of USD500,000,000 (equivalent to approximately RMB3,241,849,000). The carrying amount of the net assets of Grandday as at the date of disposal was approximately RMB46,559,000. After deduction of the portion of net assets of Grandday disposed of to non-controlling interests and direct transaction costs from the total consideration, the Group recognised an increase in equity attributable to owners of the Company of RMB2,897,132,000 and an increase in non-controlling interests of RMB22,814,000, respectively.

28 COMMITMENTS

(a) Operating leases commitments

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

	30 June 2011 RMB'000	31 December 2010 RMB'000
Not later than one year	60,923	61,817
Later than one year and not later than five years	79,664	92,067
Later than five years	—	1,891
	140,587	155,775

Notes to the Condensed Consolidated Interim Financial Information (continued)

28 COMMITMENTS *(continued)*

(b) Commitments for property development expenditure

	30 June 2011 RMB'000	31 December 2010 RMB'000
Contracted but not provided for	42,321,141	24,932,607

(c) Commitments for land expenditure

	30 June 2011 RMB'000	31 December 2010 RMB'000
Contracted but not provided for	23,953,445	21,873,587

29 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
Xin Xin (BVI) Limited	The controlling shareholder of the Company

(b) Key management compensation

	Six months ended 30 June 2011	2010
Salaries and other employee benefits	74,466	111,742
Retirement scheme contributions	257	197
	74,723	111,939

Notes to the Condensed Consolidated Interim Financial Information (continued)

30 COMPARATIVE FIGURES

In the year ended 31 December 2010, the Group changed its accounting policy for land use rights relating to properties developed for sales. Pursuant to the change of accounting policy, land use rights relating to properties developed for sale are regarded as part of the inventories and are no longer amortised. The change in accounting policy has no material impact to the profit of the Group for the year ended 31 December 2010 or in the prior years, and therefore no retrospective adjustment has been made. This accounting policy of land use rights has been consistently applied to the financial information for the six months ended 30 June 2010 included in this condensed consolidated interim financial information.

31 SUBSEQUENT EVENTS

On 19 July 2011, the Company repurchased an aggregate of 110,626,000 shares through the Stock Exchange, at a consideration of HK$655,752,000 (equivalent to approximately RMB544,077,000). The Shares were cancelled after the repurchase.